SBI HOLDINGS, INC.

Consolidated Financial Statements
2025.4.1-2026.3.31

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at March 31, 2025	**As at March 31, 2026**
		Millions of Yen	**Millions of Yen**
Assets			
Cash and cash equivalents	6,8,20,26	5,500,548	**6,400,580**
Trade and other accounts receivable	6,7,8,9, 14,20	13,654,337	**14,153,217**
Inventories	10,20	225,550	**204,305**
Assets related to securities business	6,7,8,11	6,588,887	**7,569,984**
Other financial assets	6,7,8,14	748,788	**1,574,886**
Operational investment securities	6,7,8,12,14	755,614	**941,448**
Other investment securities (includes ¥489,009 million and **¥1,365,314** million pledged as collateral)	6,7,8,12,14, 20	3,279,729	**4,360,287**
Reinsurance contracts assets		25,939	**25,909**
Investments accounted for using the equity method	13	345,353	**534,627**
Investment properties	15,20	34,736	**35,470**
Property and equipment	16,20	144,938	**151,150**
Intangible assets	17	429,866	**331,811**
Assets held for sale	7,8,16,17,18, 19,20,38	185,234	**1,738,359**
Other assets	20	177,735	**222,903**
Deferred tax assets	19	16,176	**45,861**
Total assets		32,113,430	**38,290,797**
Liabilities			
Bonds and loans payable	6,7,8,20,35	5,721,388	**7,010,122**
Trade and other accounts payable	6,7,8,21	749,758	**793,559**
Liabilities related to securities business	6,7,8,22	5,737,795	**6,585,043**
Customer deposits for banking business	6,7,8,20	16,033,881	**17,504,429**
Insurance contract liabilities	23	154,003	**156,210**
Income tax payable		32,578	**33,780**
Other financial liabilities	6,7,20	1,336,303	**1,970,093**
Provisions	25	33,771	**29,204**
Liabilities directly associated with assets held for sale	18,20	135,770	**1,332,703**
Other liabilities	20	311,163	**300,620**
Deferred tax liabilities	19	103,227	**161,671**
Total liabilities		30,349,637	**35,877,434**
Equity			
Capital stock	27	181,925	**238,019**
Capital surplus	27	222,423	**301,565**
Treasury stock	27	(96)	**(50,110)**
Other components of equity	27	62,600	**144,237**
Retained earnings	27	794,556	**1,161,231**
Equity attributable to owners of the Company		1,261,408	**1,794,942**
Non-controlling interests		502,385	**618,421**
Total equity		1,763,793	**2,413,363**
Total liabilities and equity		32,113,430	**38,290,797**

CONSOLIDATED STATEMENT OF INCOME

	Notes	Fiscal year ended March 31, 2025	**Fiscal year ended March 31, 2026**
		Millions of Yen	**Millions of Yen**
Revenue (includes ¥527,523 million and **¥639,649** million of interest income, and ¥96,584 million and **¥108,303** million of insurance revenue)	5,23,30	1,443,733	**1,896,607**
Expense			
Financial cost associated with financial income	31	(195,510)	**(284,781)**
Provision for credit losses		(99,901)	**(99,538)**
Insurance service expenses	23	(89,570)	**(96,912)**
Operating cost	31	(280,604)	**(366,041)**
Selling, general and administrative expenses	31	(441,660)	**(518,373)**
Other financial cost	31	(43,934)	**(53,362)**
Other expenses	31	(40,361)	**(57,922)**
Total expense		(1,191,540)	**(1,476,929)**
Gain on bargain purchase		623	**1,525**
Share of the profit of associates and joint ventures accounted for using the equity method	5,13	29,474	**95,464**
Profit before income tax expense	5	282,290	**516,667**
Income tax expense	32	(93,132)	**(86,125)**
Profit for the year		189,158	**430,542**
Profit for the year attributable to			
Owners of the Company		162,120	**427,577**
Non-controlling interests		27,038	**2,965**
Profit for the year		189,158	**430,542**
Earnings per share attributable to owners of the Company			
Basic (Yen)	34	268.04	**666.82**
Diluted (Yen)	34	256.34	**624.54**

Note: SBI Holdings, Inc. (the "Company") conducted a stock split at a ratio of two shares for each share of common stock, effective December 1, 2025. Earnings per share attributable to owners of the Company have been calculated assuming that the stock split had been conducted at the beginning of the prior fiscal year.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Fiscal year ended March 31, 2025	**Fiscal year ended March 31, 2026**
		Millions of Yen	**Millions of Yen**
Profit for the year		189,158	**430,542**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Equity instruments measured at FVTOCI	33	(2,525)	**3,871**
Changes in own credit risk on financial liabilities	33	467	**(807)**
Remeasurement of defined benefit plans	33	3,932	**(138)**
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	33	198	**295**
		2,072	**3,221**
Items that may be reclassified subsequently to profit or loss			
Debt instruments measured at FVTOCI	33	(11,144)	**(3,778)**
Currency translation differences	33	(66,916)	**69,269**
Fluctuations in discount rates of insurance contracts	33	2,507	**1,971**
Cash flow hedges	33	281	**636**
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	33	(1,027)	**9,270**
		(76,299)	**77,368**
Other comprehensive income, net of tax		(74,227)	**80,589**
Total comprehensive income		114,931	**511,131**
Total comprehensive income attributable to			
Owners of the Company		103,768	**504,024**
Non-controlling interests		11,163	**7,107**
Total comprehensive income		114,931	**511,131**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of the Company							
	Notes	Capital stock	Capital surplus	Treasury stock	Other components of equity	Retained earnings	Total	Non-controlling interests	Total equity
		Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
As at April 1, 2024		180,400	280,185	(87)	125,726	675,985	1,262,209	645,137	1,907,346
Profit for the year		-	-	-	-	162,120	162,120	27,038	189,158
Other comprehensive income		-	-	-	(58,352)	-	(58,352)	(15,875)	(74,227)
Total comprehensive income		-	-	-	(58,352)	162,120	103,768	11,163	114,931
Issuance of new shares	27	1,525	940	-	-	-	2,465	-	2,465
Issuance of convertible bonds		-	7,867	-	-	-	7,867	-	7,867
Change in scope of consolidation		-	-	-	-	-	-	(49,708)	(49,708)
Dividends paid	28,36	-	-	-	-	(48,323)	(48,323)	(155,444)	(203,767)
Treasury stock purchased	27	-	-	(10)	-	-	(10)	-	(10)
Treasury stock sold	27	-	1	1	-	-	2	-	2
Share-based payment transactions		-	178	-	-	-	178	(3)	175
Changes of interests in subsidiaries without losing control		-	(66,748)	-	-	-	(66,748)	51,240	(15,508)
Transfer from other components of equity to retained earnings	27	-	-	-	(4,774)	4,774	-	-	-
As at March 31, 2025		181,925	222,423	(96)	62,600	794,556	1,261,408	502,385	1,763,793

	Notes	Attributable to owners of the Company						Non-controlling interests	Total equity
		Capital stock	Capital surplus	Treasury stock	Other components of equity	Retained earnings	Total		
		Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
As at April 1, 2025		181,925	222,423	(96)	62,600	794,556	1,261,408	502,385	1,763,793
Profit for the year		-	-	-	-	427,577	427,577	2,965	430,542
Other comprehensive income		-	-	-	76,447	-	76,447	4,142	80,589
Total comprehensive income		-	-	-	76,447	427,577	504,024	7,107	511,131
Issuance of new shares	27	56,094	55,723	-	-	-	111,817	-	111,817
Issuance of convertible bonds		-	-	-	-	-	-	-	-
Change in scope of consolidation		-	-	-	-	-	-	(49,567)	(49,567)
Dividends paid	28	-	-	-	-	(55,635)	(55,635)	(12,898)	(68,533)
Treasury stock purchased	27	-	-	(50,015)	-	-	(50,015)	-	(50,015)
Treasury stock sold	27	-	0	1	-	-	1	-	1
Share-based payment transactions		-	230	-	-	-	230	243	473
Changes of interests in subsidiaries without losing control		-	23,189	-	(77)	-	23,112	171,151	194,263
Transfer from other components of equity to retained earnings	27	-	-	-	5,267	(5,267)	-	-	-
As at March 31, 2026		238,019	301,565	(50,110)	144,237	1,161,231	1,794,942	618,421	2,413,363

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Fiscal year ended March 31, 2025	**Fiscal year ended March 31, 2026**
		Millions of Yen	**Millions of Yen**
Cash flows from operating activities			
Profit before income tax expense		282,290	**516,667**
Depreciation and amortization		60,794	**67,656**
Gain on bargain purchase		(623)	**(1,525)**
Share of profits of associates and joint ventures accounted for using the equity method		(29,474)	**(95,464)**
Interest and dividend income		(560,559)	**(682,016)**
Interest expense		241,302	**336,397**
Increase in operational investment securities		(158,617)	**(166,308)**
Increase in trade and other accounts receivables		(2,119,633)	**(1,477,943)**
Increase (decrease) in trade and other accounts payable		(5,009)	**120,227**
Increase in assets/liabilities related to securities business		(213,595)	**(129,746)**
Increase in customer deposits for banking business		2,928,372	**2,482,230**
Increase in bonds and loans payable in banking business		556,359	**944,339**
Increase in receivables under securities borrowing transactions		-	**(570,539)**
Increase (decrease) in payables under securities lending transactions		92,874	**(92,769)**
Others		146,986	**189,593**
Subtotal		1,221,467	**1,440,799**
Interest and dividend income received		547,249	**641,707**
Interest paid		(224,007)	**(327,359)**
Income taxes paid		(35,964)	**(60,396)**
Net cash generated from operating activities		1,508,745	**1,694,751**
Cash flows from investing activities			
Purchase of investment property		(1,477)	**(25,210)**
Purchase of intangible assets		(51,757)	**(42,096)**
Purchase of investment securities		(2,589,620)	**(3,134,172)**
Proceeds from sales or redemption of investment securities		1,413,476	**2,088,187**
Acquisition of subsidiaries, net of cash and cash equivalents acquired	35	109,452	**(13,034)**
Proceeds from sales of subsidiaries, net of cash and cash equivalents disposed of	35	2,327	**1,172**
Payments of loans receivable		(81,828)	**(69,637)**
Collection of loans receivable		141,656	**74,223**
Others		(2,684)	**(15,005)**
Net cash used in investing activities		(1,060,455)	**(1,135,572)**

	Notes	Fiscal year ended March 31, 2025	**Fiscal year ended March 31, 2026**
		Millions of Yen	**Millions of Yen**
Cash flows from financing activities			
Increase (decrease) in short term loans payable	35	310,178	**12,931**
Proceeds from long-term loans payable	35	211,805	**151,663**
Repayment of long-term loans payable	35	(176,157)	**(153,582)**
Proceeds from issuance of bonds payable	35	3,682,052	**3,304,520**
Redemption of bonds payable	35	(3,311,115)	**(2,996,098)**
Proceeds from issuance of shares		2,465	**111,817**
Proceeds from stock issuance to non-controlling interests		568	**81,491**
Contributions from non-controlling interests in consolidated investment funds		28,497	**9,432**
Cash dividends paid		(48,317)	**(55,621)**
Cash dividends paid to non-controlling interests		(104,910)	**(3,682)**
Distributions to non-controlling interests in consolidated investment funds		(50,946)	**(8,961)**
Purchase of treasury stock		(10)	**(50,015)**
Proceeds from sale of interests in subsidiaries to non-controlling interests		63	**315,420**
Payments for purchase of interests in subsidiaries from non-controlling interests		(81,542)	**(257,615)**
Others		(16,739)	**(18,988)**
Net cash generated from financing activities		445,892	**442,712**
Net increase in cash and cash equivalents		894,182	**1,001,891**
Cash and cash equivalents at the beginning of the year		4,580,335	**5,500,548**
Effect of changes in exchange rate on cash and cash equivalents		26,031	**11,568**
Reclassification to assets held for sale		-	**(113,427)**
Cash and cash equivalents at the end of the year		5,500,548	**6,400,580**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting Entity

SBI Holdings, Inc. (the "Company") was incorporated in Japan. The consolidated financial statements of the Company consist of the Company, its subsidiaries (hereinafter referred to as the "Group") and interests in the Group's associates and joint arrangements. The Group is engaged in various businesses, which primarily consist of five key businesses: "Financial Services Business", "Asset Management Business", "PE Investment Business", "Crypto-asset Business" and "Next Gen Business". See Note 5 "Segment Information" for detailed information on each business.

2. Basis of Preparation

(1) Compliance with IFRS

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards ("IFRSs") as issued by the International Accounting Standards Board.
Since the Group meets the criteria of "Specified Company under International Financial Reporting Standards" defined in Article 1-2 of the Rules Governing Term, Form and Preparation of Consolidated Financial Statements, the Group applies Article 312 of the Rules Governing Term, Form and Preparation of Consolidated Financial Statements.
The consolidated financial statements were approved and authorized for issue by the Company's Representative Director, President and CEO, Yoshitaka Kitao and Director, Yasuo Nishikawa on July 1, 2026.

(2) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the below:

- Financial instruments measured at fair value through profit or loss ("FVTPL")
- Financial instruments measured at fair value through other comprehensive income ("FVTOCI")

The measurement basis of fair value of the financial instruments is provided in "6. Financial Instruments" and "7. Fair Value Measurement".

(3) Reporting currency

The consolidated financial statements are presented in Japanese Yen, which is the functional currency of the Company and rounded to the nearest million yen, unless otherwise stated.

(4) Use of estimates and judgments

In the preparation of the Group's consolidated financial statements in accordance with IFRSs, management of the Company is required to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period of the change and subsequent future periods.

The following notes include information on accounting estimates and judgments that have a significant effect on the amounts recognized in the consolidated financial statements.

- Fair value measurements of financial instruments – "3. Material Accounting Policies (3) Financial instruments," "6. Financial Instruments" and "7. Fair Value Measurement"
- Impairment on financial assets – "3. Material Accounting Policies (3) Financial instruments" and "8. Financial Risk Management (4) Credit risk management"
- Impairment on intangible assets – "3. Material Accounting Policies (7) Intangible assets" and "17. Intangible Assets (3) Carrying amount of goodwill"
- Measurements of insurance contracts – "3. Material Accounting Policies (10) Insurance contracts" and "23. Insurance Contracts"
- Recoverability of deferred tax assets – "3. Material Accounting Policies (15) Income tax expense" and "19. Deferred Tax Assets and Deferred Tax Liabilities "
- Scope of subsidiaries – "3. Material Accounting Policies (1) Basis of consolidation" and "36. Subsidiaries"

(5) Application of new and revised IFRSs

The Group adopted standards and interpretations that became mandatorily effective beginning with this fiscal year. There is no significant impact to these consolidated financial statements resulting from their adoption.

3. Material Accounting Policies

The material accounting policies applied in the preparation of these consolidated financial statements are listed below.

(1) Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities controlled by the Group. In principle, an entity in which the Group owns a majority of the voting rights is included as a subsidiary. However, even if the Group does not own a majority of the voting rights, an entity is included in the category of subsidiary if it is determined that the Group substantially controls the entity's decision-making body. Also, an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, referred to as "structured entity", is included as a subsidiary. Control is defined as the Group having (a) power over the investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Subsidiaries are fully consolidated from the date on which control is obtained by the Group and deconsolidated on the date that the Group loses control. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.
Inter-company transactions, balances and unrealized gains on transactions among Group companies are eliminated in the consolidated financial statements. Unrealized losses are also eliminated and the related impairment is assessed.
Comprehensive losses arising from subsidiaries are allocated to the owners of the Company and non-controlling interests even if the balances of non-controlling interests are a negative figure.

(b) Associates and joint control

Associates are entities over which the Group has significant influence, and that is neither a subsidiary nor an interest in joint venture. When the Group holds between 20% and 50% of voting rights of the other entity, the Group is presumed to have significant influence over the other entity.
A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement and decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.
Investments in associates and joint ventures are initially recognized at cost and accounted for using the equity method. However, investments held by venture capital organizations and other similar entities in the Group are accounted for at fair value through profit or loss in accordance with IFRS 9. Under the equity method, the investor's share of the profit or loss and other comprehensive income (after adjustments for the purpose of conforming with the group accounting policies), from the date of having significant influence or entering into joint control to the date of losing significant influence or ceasing joint control, of the associates and joint ventures (hereinafter referred to as "equity method investments") were recognized and recorded as adjustments to the carrying amounts of investments.
When the Group's share of losses in an equity method investment exceeds the carrying amount of the equity method investment, losses are recognized until the carrying amounts of long-term interests that form part of the net investment are reduced to zero. The Group does not recognize further losses unless it has incurred legal or constructive obligation or made payments on behalf of the equity method investment.
Unrealized gain on inter-company transactions with equity method investments are deducted from the balance of carrying amount of investments only to the extent of investor's interests in the investees. For joint operations, the Group's share of the assets, liabilities, revenue and expenses related to the joint operation is recognized.

(c) Business combination

Acquisition method is applied for acquisitions of businesses. The consideration transferred for the acquisition of a subsidiary is the total of acquisition date fair value of the assets transferred, the liabilities incurred to the former owner of the acquiree and the equity interests issued by the Group. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their acquisition date fair value except for the below.

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits".
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 "Share-based Payment" at the acquisition date.
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred and the amount of any non-controlling interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the difference is negative, the difference is recognized immediately in profit or loss.
The Group recognizes non-controlling interests in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the proportionate share of the recognized amount of acquiree's identifiable net assets.
Acquisition-related cost is expensed as incurred, except for the costs related to the issuance of debt securities and equity securities.
If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured at fair value at the acquisition date and resulting gain or loss is recognized in profit or loss.

(d) Changes in ownership interests in subsidiaries without loss of control

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions in accordance with IFRS 10 "Consolidated Financial Statements". The carrying amount of the Group's share and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The difference between "fair value of consideration paid or received" and "adjustments of the carrying amount of non-controlling interests" is recognized in equity and attributed to owners of the Company.

(e) Loss of control

When the Group loses control of a subsidiary, the difference between the "total fair value of consideration received and the retained interest" and "the previous carrying amount of subsidiary's assets (including goodwill), liabilities and non-controlling interests" are recognized in profit or loss. In addition, any amount previously recognized in other accumulated comprehensive income in relation to the subsidiary is accounted for as if the Group had directly disposed of each related assets or liabilities.
The fair value of the retained interest in the former subsidiary is measured in accordance with IFRS 9.

(2) Foreign currency

(a) Foreign currency translation

In preparing the financial statements of each individual Group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are translated in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at the year-end date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency shall be retranslated using the exchange rate at the date when the fair value was measured. The exchange differences arising from the retranslation were recognized in profit or loss, except for retranslation differences in equity instruments that are measured at fair value and changes in fair value are recognized in other comprehensive income, and exchange differences arising from transactions for the purpose of hedging certain foreign exchange risk.

(b) Foreign operations

The assets and liabilities, including goodwill and fair value adjustments arising from business combinations, of all the Group entities that have a functional currency that is different from the presentation currency (mainly foreign operations) are translated into the presentation currency using the rates of exchange prevailing at the end of each reporting period. Income and expenses of foreign operations are translated into the presentation currency at the average exchange rates.
Exchange differences arising are recognized as other comprehensive income. The differences are recorded and accumulated as translation reserve in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation.

(3) Financial instruments

The Group recognizes a financial instrument when, and only when, the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

(a) Non-derivative financial assets

(i) Classification and measurement of financial assets

Non-derivative financial assets held by the Group are classified into the following designated categories when they are initially recognized on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

- Financial assets measured at amortized cost
- Debt instruments measured at fair value through other comprehensive income (hereinafter "debt instruments measured at FVTOCI")
- Equity instruments measured at fair value through other comprehensive income (hereinafter "equity instruments measured at FVTOCI")
- Financial assets measured at fair value through profit or loss (hereinafter "financial assets measured at FVTPL")

(Financial assets measured at amortized cost)
Financial assets are subsequently measured using the effective interest method at amortized cost, adjusted for any loss allowance, if both of the following conditions are met: (i) the financial assets are held within the business model whose objective is to hold financial assets in order to collect

contractual cash flows and (ii) the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(Debt instruments measured at FVTOCI)
Financial assets are measured at fair value and changes in the difference between the fair value and the amortized cost of financial assets, adjusted for any loss allowance, are recognized in other comprehensive income if both of the following conditions are met: (i) the financial assets are held within the business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and (ii) the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Upon derecognition of debt instruments measured at FVTOCI, the amount accumulated in other comprehensive income is reclassified to profit or loss.

(Equity instruments measured at FVTOCI)
Upon initial recognition, the Group designates an investment in an equity instrument that is held for a purpose other than trading as a financial asset measured at fair value through other comprehensive income. This is an irrevocable election and changes in the fair value of such financial instruments are recognized in other comprehensive income. Dividends from the above-mentioned equity instruments are recognized in profit or loss. At derecognition of equity instruments measured at FVTOCI or when a significant decline in fair value below the initial cost is other than temporary, the recognized amount of changes in fair value accumulated in other comprehensive income is reclassified to retained earnings.

(Financial assets measured at FVTPL)
Financial assets, other than those subsequently measured at amortized cost and those measured at fair value through other comprehensive income, are subsequently measured at fair value, and all changes in fair value are recognized in profit or loss.

(ii) Derecognition of financial assets

The Group derecognizes a financial asset when, and only when, the contractual rights to the cash flows from the financial asset expire or the Group no longer retains the contractual rights to receive the cash flows and transfers substantially all the risks and rewards of ownership of the financial asset.

(b) Non-derivative financial liabilities

(i) Classification and measurement of financial liabilities

Non-derivative financial liabilities held by the Group include corporate bonds and loans, trade and other accounts payable, which are classified into the following designated categories:

- Financial liabilities measured at amortized cost
- Financial liabilities measured at fair value through profit or loss (hereinafter "financial liabilities measured at FVTPL")
- Financial liabilities designated at fair value through profit or loss (hereinafter "financial liabilities designated at FVTPL")

(Financial liabilities measured at amortized cost)
Financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest method.

(Financial liabilities measured at FVTPL)
Financial liabilities, other than those subsequently measured at amortized cost, are subsequently measured at fair value, and all changes in fair value are recognized in profit or loss.

(Financial liabilities designated at FVTPL)
An irrevocable election to measure financial liabilities at FVTPL may be made at initial recognition if the contract contains one or more embedded derivatives and the host contract is a hybrid contract where the host contract is a financial liability, or if designation as FVTPL eliminates or significantly reduces an accounting mismatch that would otherwise arise. The amount of the change in the fair value of the financial liability attributable to changes in the credit risk of the liability is recognized in other comprehensive income and the remaining change in the fair value of the liability is recognized in profit or loss.

(ii) Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired.

(c) Impairment of financial assets

The Group estimates expected credit losses for financial assets measured at amortized cost, debt instruments measured at FVTOCI, lease receivables, certain loan commitments and financial guarantee contracts at the end of the reporting period and recognizes such expected credit losses as a loss allowance. If the Group determines that the credit risk of financial instruments has increased significantly since initial recognition, the loss allowance is measured at an amount equal to the lifetime expected credit losses. In the event that the Group determines that the credit risk of financial instruments has not increased significantly since initial recognition, the loss allowance is measured at an amount equal to the 12-month expected credit losses.
The assessment of whether there has been a significant increase in credit risk is based on changes in the probability of a default occurring.
Meanwhile, as for trade receivables that do not contain a significant financing component, lifetime expected credit losses are measured on the basis of historical credit losses and other relevant information regardless of whether there has been an increase or decrease in credit risk.
Amounts of expected credit losses or reversals are recognized in profit or loss as impairment loss or reversals of impairment loss and are presented separately as provision for credit losses in the consolidated statement of income.

(d) Trading assets and liabilities

Financial assets and financial liabilities are classified as trading assets and trading liabilities in the below situation:

- Financial assets acquired mainly for the purpose of sale or repurchase in the short term
- At initial recognition, the financial assets are managed together by the Group as part of a certain financial instrument portfolio, from which an actual short term gain has been realized.
- Derivatives (either not classified as hedging instruments or proved to be ineffective as hedging instruments)

Trading assets and trading liabilities are classified as financial assets and financial liabilities measured at FVTPL, changes in amounts of which are recognized in profit or loss.

(e) Derivatives

The Group uses derivative instruments (interest rate swap contracts and forward exchange contracts) in order to hedge mainly interest rate risk and foreign exchange risk.

(i) Derivatives to which hedge accounting is applied

At the inception of the hedge, the Group formally documents the hedging relationship between the hedged item or transaction and the hedging instrument, which is the derivative, in compliance with our risk management objective and strategy. In addition, at the inception and on an ongoing basis, the Group documents whether the derivative is highly effective in offsetting changes in the fair value or the cash flows of the hedged item attributable to the risk of changes in interest rates, etc.
The changes in the fair value of derivatives, which are designated as hedging instruments for fair value hedges, are recognized in profit or loss. Gain or loss on the hedged item attributable to the risk of changes in interest rates, etc. shall adjust the carrying amount of the hedged item and be recognized in profit or loss.

Among the changes in the fair value of derivatives which are designated as hedging instruments for cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized in other comprehensive income, while the ineffective portion shall be recognized in profit or loss.
The amount that has been recognized in other comprehensive income shall be removed from other comprehensive income and reclassified to profit or loss in the consolidated statement of comprehensive income in the same period during which the hedged item of cash flows affects profit or loss.
The Group prospectively discontinues hedge accounting when the criteria of hedge accounting are no longer satisfied. In such a situation, amounts accumulated in other comprehensive income remain unadjusted until the anticipated transaction finally affects profit or loss, or the anticipated transaction is not expected to occur, at which point the underlying amount shall be immediately recognized in profit or loss.

(ii) Derivatives to which hedge accounting is not applied

Among derivatives held for hedging purposes, the Group holds some derivatives to which hedge accounting is not applied. The Group also holds derivatives for trading purposes other than hedging purposes. The changes in fair value of such derivatives are recognized in profit or loss.

(f) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(4) Inventories

Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs to sell. Cost is determined primarily based on the specific identification cost method and includes the purchase cost and all costs incurred to bring inventories to their current storage location and condition.
Crypto assets held in inventory are measured at fair value based primarily on trading prices on major crypto asset exchanges, with changes in fair value recognized in profit or loss.

(5) Investment properties

Investment properties are real estate (including real estate under construction) held for the purpose of earning rental income, capital gains, or both. It does not include real estate sold in the ordinary course of business or real estate used for the purposes of the provision of goods or services, manufacture, sale or other administration. Investment properties are measured using the cost method and stated at cost less accumulated depreciation and accumulated impairment loss.
Depreciation is calculated based on the depreciable amount, which is calculated as the initial cost of items of investment properties or an amount equivalent to the initial cost less their residual values.

Depreciation is recognized using the straight-line method to allocate their depreciable amounts based on the estimated useful life of each component and charged to profit or loss.
The estimated useful lives of major classes of investment properties are as follows:

- Buildings 15 - 50 years

Investment property is derecognized at the time of disposal or when the investment property is no longer permanently used and no future economic benefits from the disposal are expected. Any gain or loss arising from derecognition of the investment property, which is calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss at the time of derecognition.

(6) Property and equipment

(a) Initial recognition and measurement

Property and equipment are measured using the cost method and stated at cost less accumulated depreciation and accumulated impairment loss. Acquisition cost includes the costs incurred directly related to the acquisition of the assets.

(b) Depreciation

Depreciation is calculated based on the depreciable amount, which is calculated as the initial cost of items of property and equipment less their residual values. Property and equipment is depreciated on a straight-line method to allocate their depreciable amounts over the estimated useful life of each component. The right-of-use asset is depreciated on a systematic basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.
The estimated useful lives of major classes of property and equipment are as follows:

- Buildings 2 - 50 years
- Furniture and equipment 2 - 20 years

The depreciation method, estimated useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

(7) Intangible assets

(a) Intangible assets arising on business combination (goodwill and other intangible assets)

Goodwill arising on acquisition of subsidiaries is recognized as an intangible asset. Initial recognition and measurement of goodwill are stated in "(1) Basis of consolidation, (c) Business combination". Intangible assets arising from a business combination, other than goodwill, are recognized at fair value at the acquisition date.
After initial recognition, goodwill is measured at cost less accumulated impairment loss. For investees to which the equity method is applied, goodwill is included in the carrying amount of the investment. Intangible assets other than goodwill with a finite useful life that arise on a business combination are measured at initial cost less accumulated amortization and accumulated impairment loss.

(b) Research and development

Expenditure on research undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognized as an expense when incurred. Development costs capitalized as a result of meeting certain criteria are measured at initial cost less accumulated amortization and accumulated impairment loss.

(c) Other intangible assets (separately acquired)

Other intangible assets acquired by the Group are measured at initial cost less accumulated amortization and accumulated impairment loss.

(d) Amortization

Intangible assets other than goodwill with finite useful lives are amortized using the straight-line method over the expected useful life, which begins when the assets are available for use.
The estimated useful lives of major classes of intangible assets are as follows:

- Software 5 years
- Customer relationship 6 - 23 years

The amortization method, estimated useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

(8) Lease

(a) Lease as lessee

At inception of a contract, the Group determines whether the contract is, or contains, a lease. Lease liability in a lease transaction is initially measured as the present value of unpaid lease payments discounted using an interest rate implicit in the lease at the commencement date of the contract. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate. The right-of-use asset is measured at the acquisition cost, which is initially measured at the amount of lease liability adjusted by initial direct cost and prepaid lease payments. With regard to a lease that has a lease term of 12 months or less or a lease of low-value assets, right-of-use assets and lease liabilities are not recognized and lease payments on such lease are recognized as an expense over the lease term.

(b) Lease as lessor

A finance lease receivable is initially recognized at the lease commencement date of the lease at the net investment in the lease, which is the sum of the lease payments received by the lessor and the unguaranteed residual value, discounted using an interest rate implicit in the lease. Income arising from finance leases is recognized by allocating the net investment in the lease over the lease term. Leases other than finance leases are classified as operating leases, and the operating lease income is recognized over the lease term on a straight-line basis.

(9) Impairment of non-financial assets

Other than deferred tax assets, the Group's non-financial assets are subject to impairment tests at the end of each reporting period. When an indication of impairment exists, the recoverable amounts of the assets are estimated in order to determine amounts of impairment losses, if any. For a cash-generating unit ("CGU") including allocated goodwill and intangible assets which have indefinite useful lives or which are not available for use, the recoverable amounts are estimated at the same time every year, regardless of the indication of impairment. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

The recoverable amount of an asset or a CGU is the higher of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the CGU to which the asset belongs.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss. The impairment loss recognized in relation to the CGU shall be allocated to reduce the carrying amount of the assets of the unit in such order that (a) first, to reduce the carrying amount of any goodwill allocated to the CGU and (b) then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

An impairment loss recognized for goodwill shall not be reversed in a subsequent period. An entity shall assess at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

Because goodwill that forms part of the carrying amount of an equity method investment is not separately recognized, it is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment as a single asset, whenever there is an indication that the investment may be impaired.

(10) Insurance contracts

The Group classifies contracts in which it accepts significant insurance risk as insurance contracts, and contracts that transfer significant insurance risk related to underlying insurance contracts as reinsurance contracts.

(a) Level of aggregation

For the purpose of measurement, insurance contracts are aggregated into groups. The Group determines a group of insurance contracts by identifying portfolios of insurance contracts. Each portfolio of insurance contracts comprises contracts subject to similar risks and managed together, and each portfolio is divided into annual cohorts. The annual cohorts include contracts issued within twelve months, and they are divided into three groups based on contract profitability levels:

- a group of contracts that are onerous at initial recognition;
- a group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently; and
- a group of the remaining contracts in the portfolio.

(b) Initial recognition

The Group recognizes a group of insurance contracts it issued from the earliest of the following:

- the beginning of the coverage period of the group of contracts;
- the date when the first payment from a policyholder in the group becomes due; and
- for a group of onerous contracts, when the group becomes onerous.

(c) Measurement

The Group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums or in which the Group has a substantive obligation to provide the policyholder with insurance contract services.

(i) Insurance contracts — Contracts to which the premium allocation approach ("PAA") is not applied

(Initial measurement)

On initial recognition, the Group measures a group of insurance contracts at the total of:

(a) Fulfilment cash flows

The fulfilment cash flows comprise estimates of future cash flows, an adjustment to reflect the time value of money and the financial risks related to the future cash flows, and a risk adjustment for non-financial risk (the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk).

(b) Contractual service margin ("CSM")

The CSM of a group of insurance contracts represents the unearned profit the Group will recognize as it provides services under the contracts.

The Group recognizes an onerous insurance contract on initial recognition if any cash flows arising from the contract at the date of initial recognition in total are a net outflow. In recognizing onerous contracts, the Group recognizes a loss in profit or loss for the net outflow described above and identifies the same amount as a loss component of the liability for remaining coverage.

(Subsequent measurement)

The carrying amount of a group of insurance contracts at the end of each reporting period is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises (a) the fulfilment cash flows related to services to be provided under the contracts in future periods, and (b) the remaining CSM at the reporting date. The liability for incurred claims includes the fulfillment cash flows relating to unpaid incurred claims and expenses, including claims that have been incurred but not yet reported.

The loss component is measured by allocating the subsequent changes in fulfillment cash flows on a systematic basis.

(ii) Insurance contracts — Contracts to which the PAA is applied

For insurance contracts with a coverage period of no more than one year at initial recognition, and certain insurance contracts that would not differ materially in the measurement of liability for remaining coverage from the one that would be produced when measured without applying the PAA, the Group applies the PAA for measuring a group of insurance contracts.

(Initial measurement)

The carrying amount of the liability for remaining coverage at initial recognition of each group of insurance contracts is measured at the premiums received at initial recognition less any insurance acquisition cash flows (cash flows arising from the activities of selling, underwriting and starting the group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the group belongs) allocated to the group of insurance contracts at that date.

(Subsequent measurement)

The carrying amount of the liability for remaining coverage increases through the amortization of insurance acquisition cash flows recognized as premiums received and expenses. It decreases through the recognition of insurance revenue related to services provided and the allocation of additional insurance acquisition cash flows after initial recognition.

If, at any time during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Group recognizes a loss in profit or loss and increases the liability for remaining coverage to the extent that current estimates of the fulfilment cash flows related to remaining coverage exceed the carrying amount of the liability for remaining coverage.

The Group recognizes the liability for incurred claims for the group of insurance contracts at the fulfilment cash flows relating to incurred claims.

(d) Income and expenses

(i) Insurance revenue

Excluding any investment component, which represents the amount required to be repaid to the policyholder in all circumstances, regardless of whether an insured event occurs, insurance revenue is measured as follows:

(Contracts to which the PAA is not applied)

The Group recognizes insurance revenue as it provides services based on a group of insurance contracts. Insurance revenue represents the total of the changes in the liability for remaining coverage that relates to services for which the Group expects to receive consideration.

(Contracts to which the PAA is applied)

Insurance revenue is the amount of expected premium receipts. In principle, the Group allocates and recognizes the portion of the premiums in each reporting period on the basis of the passage of time.

(ii) Insurance service expenses

Insurance service expenses arising from insurance contracts are recognized in profit or loss when incurred. Excluding repayments of investment components, these expenses comprise:

- Incurred claims and other insurance service expenses;
- Amortization of insurance acquisition cash flows;
- Losses on onerous contracts and reversals of such losses; and
- Adjustments to liabilities for incurred claims.

(iii) Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from the effect of the time value of money, financial risk and changes in the time value of money and financial risk. The Group has chosen to disaggregate insurance finance income or expenses between profit or loss and other comprehensive income except for certain insurance contracts. The effect of changes in financial variables, such as discount rates, is presented as fluctuations in discount rates of insurance contracts in the consolidated statement of comprehensive income.

(11) Employee benefits

(a) Defined contribution plans

The Company and certain of its subsidiaries have defined contribution plans for employee benefits. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further

amounts. Contributions related to defined contribution plans are expensed over the period during which employees render service to the entity.

(b) Defined benefit plans

The present value of the defined benefit obligation and benefit cost are determined using the projected unit credit method. Changes in fair value, excluding actuarial gains and losses and interest income on plan assets, are recognized in other comprehensive income and transferred from other components of equity to retained earnings as incurred. The net present value of the defined benefit obligation less the fair value of plan assets is recognized as a liability or asset in the consolidated statement of financial position. If the calculation results in the case of the Group having an asset in excess of the funded status, the asset is recognized up to the present value of the future economic benefits available from the return of cash from the plan or the reduction of future contributions to the plan.

(c) Short term employee benefits and share-based payment

The Group recognizes the undiscounted amount of short-term employee benefits as an expense of the period during which the related service is rendered.
Also, the Group operates share-based compensation plan as an incentive for board members and employees. The equity-settled share-based compensation plan ("stock option") which was granted after November 7, 2002, for which the vesting conditions had not been satisfied as at March 31, 2011 is measured at fair value on the grant date. The fair value is calculated by estimating the number of stock options that will ultimately be vested and recognized as expenses with a corresponding increase in equity over the vesting period. For cash-settled share-based compensation plan, a liability is recognized for the services acquired, measured initially at fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss for the year.

(12) Provisions

Provisions are recognized when the Group has a present (legal or constructive) obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation. Where the effect of the time value of money is material, provisions are measured at the present value of the expected future cash flow using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

(13) Capital stock

(a) Common stock

Common stocks issued by the Group are classified as equity and stock issuance costs, after tax effects, are recognized as a deduction from equity.

(b) Treasury stock

The Group's own equity instruments which are reacquired are recognized at cost including acquisition related costs, after tax effects, as a deduction from equity. When the Group sells treasury stocks, the consideration received is recognized as an addition to equity.

(14) Revenue from contracts with customers

The Group recognizes revenue by applying the following five-step approach.
Step 1: Identify the contract(s) with the customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Revenues from contracts with customers are further described below. The revenue streams described below do not include estimates of significant variable consideration or a significant financing component.

(Revenue from rendering of services)
Revenue from rendering of services mainly include financial advisory fees and agency fees related to investment trusts in the securities business. In the financial advisory business, the Group has a performance obligation to provide advisory services primarily in the area of financing. Since this performance obligation is satisfied upon the achievement of financing, the Group recognizes revenue on the date of completion of the financing and generally receives the fee within a few months from the date of revenue recognition. In the agency business related to investment trusts, the Group has a performance obligation to provide agency services to beneficiaries. This performance obligation is satisfied over the life of the investment trusts and fees are generally received within one year from the date of revenue recognition.

(Revenue from sales of goods)
Revenue from sales of goods is recognized when a performance obligation is satisfied by transferring promised goods to a customer upon delivery, shipment or customer acceptance of goods depending upon the terms of the contract. These revenues are generally paid within three months of the fulfillment of the performance obligation.

(15) Income tax expense

Income tax expense consists of current and deferred tax expense, which are recognized in profit or loss, except for those arising from business combinations or recognized directly in equity and other comprehensive income. Current income tax expense is measured at the amount expected to be paid to or recovered from the taxation authorities using the tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amount. However, deferred tax assets are not recognized if they arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, or from deductible temporary differences related to investments in subsidiaries and investments accounted for using the equity method, under which it is probable that the difference will not be recovered in the foreseeable future or taxable profit will not be available against which the temporary difference can be utilized. Deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred tax assets and liabilities are determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax assets are realized or the deferred tax liabilities are settled. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis, or the deferred tax assets and liabilities are expected to be realized simultaneously.

A deferred tax asset is recognized for the unused carry forward tax losses, unused tax credits and expected deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused carry forward tax losses, unused tax credits and expected deductible temporary differences can be utilized. The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting period. The Group reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilized.

The Group recognizes a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries and investments accounted for using the equity method, except to the extent that both of the following conditions are satisfied: (i) the Group is able to control the timing of the reversal of the temporary difference; and (ii) it is probable that the temporary difference will not reverse in the foreseeable future.

The Group shall recognize a deferred tax asset for all deductible temporary differences arising from investments mentioned above, to the extent that, and only to the extent that, it is probable that (i) taxable profit will be available against which the temporary difference can be utilized; and (ii) the temporary difference will reverse in the foreseeable future.

With respect to the amendments to IAS 12 "Income Taxes" (International Tax Reform - Pillar 2 Model Rules), a temporary exception (exemption from recognition and disclosure of deferred tax assets and deferred tax liabilities) has been applied.

(16) Earnings per share

The Group discloses both the basic earnings per share and diluted earnings per share. Basic earnings per share is calculated by dividing profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding (issued shares adjusted for the treasury shares) during the period. For the purpose of calculating diluted earnings per share, the Group adjusts profit for the year attributable to ordinary equity holders and the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares.

(17) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Discrete financial information of all the segments is available so

that the operating results are regularly reviewed by the board of directors to make decisions about resources to be allocated to the segment and assess its performance. Operating results reported to the board of directors include items that directly belong to the segment and items allocated to the segment on a reasonable basis. Items not allocated to any reportable segment mainly consist of expenses related to the headquarters.

(18) Non-current assets held for sale

The Group classifies a non-current asset or asset group as held for sale if (i) its carrying amount will be recovered principally through a sale transaction rather than through continuing use; (ii) the asset is available for immediate sale and their sale within one year is highly probable; and (iii) management of the Group is committed to a plan to sell the asset.

When the Group is committed to a plan to sell a subsidiary with a loss of control and all the above criteria are satisfied, it classifies the subsidiary's entire assets and liabilities as held for sale regardless of whether it retains any non-controlling interest of the subsidiary.

Non-current assets (or asset groups) held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

(19) New standards, amendments to existing standards, and interpretations that are published but have not yet been adopted by the Group

Of the new standards, amendments to existing standards, and interpretations that have been published before the approval date of the consolidated financial statements, the main ones that the Group has not early adopted are as follows. The impact of the application of IFRS 18 "Presentation and Disclosure in Financial Statements" on the Group is still under consideration.

IFRS		Mandatory for fiscal year beginning on or after	Anticipated fiscal year end adoption date	Summary of new standards and amendments
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	March 2028	Improvement of the structure of the income statement and clarification of the roles of the basic financial statements and notes, etc.

4. Business Combinations

For the year ended March 31, 2025
The fair value of the consideration transferred at the acquisition date for the business combination in the prior fiscal year amounted to the net amount calculated by deducting advance receipts (other liabilities) of ¥4,476 million from the total of cash (cash and cash equivalents) of ¥16,215 million and cash loans (trade and other receivables) of ¥415 million.
Fair value of assets acquired, liabilities assumed, and non-controlling interests were ¥289,698 million, ¥267,832 million and ¥3,567 million, respectively. A breakdown of such assets and liabilities is provided in “35. Cash Flow Information (1) Expenditures on acquisition of subsidiaries”.
Goodwill arising from business combinations mainly consists of excess earning capacity that does not meet the requirements for separate identification. Non-controlling interests are measured at their proportionate share of the identifiable net assets of the acquiree.
Revenue and net loss recognized in the consolidated statement of income for the year ended March 31, 2025 were ¥5,313 million and ¥808 million, respectively, since the acquisition date.

For the year ended March 31, 2026
The fair value of the consideration transferred at the acquisition date for the business combination during the current fiscal year consisted of cash (cash and cash equivalents) of ¥16,776 million and cash loans (trade and other receivables) of ¥60 million.
Fair value of assets acquired, liabilities assumed, and non-controlling interests were ¥117,408 million, ¥101,132 million and ¥4,186 million, respectively. A breakdown of such assets and liabilities is provided in “35. Cash Flow Information (1) Expenditures on acquisition of subsidiaries”.
Goodwill arising from business combinations mainly consists of excess earning capacity that does not meet the requirements for separate identification. Non-controlling interests are measured at their proportionate share of the identifiable net assets of the acquiree.
Revenue and net income recognized in the consolidated statement of income for the year ended March 31, 2026 were ¥11,046 million and ¥96 million, respectively, since the acquisition date.

5. Segment Information

The Group has five reportable segments: "Financial Services Business", "Asset Management Business", "PE Investment Business", “Crypto-asset Business” which is expected to remain a growth area and "Next Gen Business" which includes the Biotechnology, Healthcare & Medical Informatics Business, as well as the advanced fields related to Web3.
The reportable segments of the Group represent business activities for which separate financial information of the Group’s components is available and reviewed regularly by the board of directors for the purpose of allocation of financial resources and performance evaluation.

The following is a description of business activities for the reportable segments.
In addition, beginning with the first quarter of the current fiscal year, the segment name previously referred to as “Investment Business” has been changed to “PE Investment Business.”
Furthermore, certain securities investments that were included in the “Financial Services Business” segment through the prior fiscal year have been included in the “PE Investment Business” segment beginning with the second quarter of the current fiscal year. Accordingly, the segment information for the prior fiscal year has also been reclassified to conform to the segment composition for the current fiscal year.

“Financial Services Business”

The Financial Services Business consists of a wide range of finance-related business inside and outside Japan, including securities brokerage business, banking services business, and life, property and casualty insurance business.

“Asset Management Business”

The Asset Management Business primarily consists of setting, solicitation, and management of investment trust, investment advice, and provision of financial products information.

“PE Investment Business”

PE Investment Business primarily consists of fund management and investment in Internet technology, fintech, AI and big data, blockchain, finance, and biotechnology-related venture companies in Japan and overseas.

“Crypto-asset Business”

The Crypto-asset Business primarily consists of crypto asset exchange business, which provides crypto asset exchange and trading services.

“Next Gen Business”

In addition to the Bio-Healthcare & Medical Informatics Business, which engages in the development and sale of pharmaceuticals, health foods, and cosmetics utilizing natural amino acid 5-ALA (5-aminolevulinic acid), the Group also operates businesses in advanced Web3-related fields, renewable energy, human resources-related services, and media-related services.

The following represents segment information of the Group:
“Elimination or Corporate” includes profit or loss that is not allocated to certain business segments and the elimination of the inter-company transactions within the Group, at a price based on the actual market price.

For the year ended March 31, 2025

	Financial Services Business	Asset Management Business	PE Investment Business	Crypto-asset Business	Next Gen Business	Total	Elimination or Corporate	Consolidated Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Revenue								
Revenue from external customers	1,162,062	33,338	139,415	80,652	27,234	1,442,701	1,032	1,443,733
Inter-segment revenue	12,043	473	1,395	145	3,428	17,484	(17,484)	-
Total	1,174,105	33,811	140,810	80,797	30,662	1,460,185	(16,452)	1,443,733
Segment operating income (loss)								
Profit before income tax expense	197,267	5,447	95,290	21,220	(9,944)	309,280	(26,990)	282,290
Other Items								
Interest income	526,010	130	2,177	19	142	528,478	(955)	527,523
Interest expense	(223,238)	(60)	(2,873)	(761)	(1,045)	(227,977)	(11,467)	(239,444)
Depreciation and amortization	(50,959)	(1,499)	(1,544)	(1,007)	(3,060)	(58,069)	(1,591)	(59,660)
Gain or loss from investments applying the equity-method	29,398	(6)	693	-	(611)	29,474	-	29,474

For the year ended March 31, 2026

	Financial Services Business	Asset Management Business	PE Investment Business	Crypto-asset Business	Next Gen Business	Total	Elimination or Corporate	Consolidated Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Revenue								
Revenue from external customers	1,569,773	40,356	155,757	89,319	51,519	1,906,724	(10,117)	1,896,607
Inter-segment revenue	12,735	1,278	2,525	296	4,663	21,497	(21,497)	-
Total	1,582,508	41,634	158,282	89,615	56,182	1,928,221	(31,614)	1,896,607
Segment operating income (loss)								
Profit before income tax expense	424,961	8,633	82,001	21,202	21,968	558,765	(42,098)	516,667
Other Items								
Interest income	637,316	146	3,633	59	139	641,293	(1,644)	639,649
Interest expense	(313,565)	(126)	(3,059)	(843)	(1,507)	(319,100)	(19,043)	(338,143)
Depreciation and amortization	(56,505)	(1,583)	(2,707)	(1,536)	(2,750)	(65,081)	(1,727)	(66,808)
Gain or loss from investments applying the equity-method	89,823	-	343	-	5,298	95,464	-	95,464

Geographical information regarding non-current assets and revenues from external customers are presented as below.

Non-current assets

	As at March 31, 2025	As at March 31, 2026
	Millions of Yen	Millions of Yen
Japan	453,694	477,948
Korea	113,347	937
Others	42,499	39,546
Consolidated total	609,540	518,431

Note: Non-current assets excluding financial assets, deferred tax assets, post-employment benefit assets, and rights arising from insurance contracts are allocated based on the location of the assets.

Revenue from external customers

	For the year ended March 31, 2025	For the year ended March 31, 2026
	Millions of Yen	Millions of Yen
Japan	1,171,553	1,562,962
Overseas	272,180	333,645
Consolidated total	1,443,733	1,896,607

Note: Revenue is allocated based on the location of the entities.

6. Financial Instruments

(1) Fair value measurement

Fair values of financial assets and financial liabilities are determined as follows:

Cash and cash equivalents
Carrying amounts approximate the fair values due to their short-term maturities.

Trade and other accounts receivable
The fair values are determined based on the future cash inflows of receivables grouped by category discounted using interest rates adjusted for the period to maturity and credit risk. The carrying amounts of those with short-term maturities are deemed to be fair values as the carrying amounts approximate fair values.

Assets and liabilities related to securities business
With respect to loans on margin transactions included in margin transaction assets, the carrying amounts approximate the fair values as the interest rates of the loans are floating rates and reflect the market interest rate within a short period. The carrying amounts of assets and liabilities related to the securities business, except for loans on margin transactions, approximate the fair values as those assets and liabilities are settled within a short period.
With respect to trading assets and trading liabilities, the fair values of listed securities and listed derivatives are estimated based on prices quoted on stock exchanges or prices quoted by correspondent financial institutions. The fair value of securities and derivatives with no quoted prices is estimated using valuation techniques such as the discounted present value method and the Black-Scholes model, depending on the type of transaction and the period to maturity.

Operational investment securities and Other investment securities
The fair values of listed equity securities are determined based on the quoted market prices in the stock exchange. The fair values of unlisted equity securities, bonds with share options and stock warrants are determined using valuation models appropriate in the circumstances including discounted cash flow analysis, pricing analysis with reference to comparable industry prices, analysis based on revenues, profits, net assets and the recent arm's-length transaction price. The fair values of bonds are determined using reasonable valuation techniques based on available information such as Reference Statistical Prices and quoted price provided by the financing banks. The fair values of investments in funds are determined at the fair values of partnership net assets based on the Group's percentage share in the contributed capital, if such fair values are available.

Other financial assets and Other financial liabilities
With respect to other financial assets and other financial liabilities, the fair values of derivative instruments are based on the prices quoted on stock exchanges, discounted present value or option valuation models, etc. The carrying amounts of those with short-term maturities are deemed to be fair values as the carrying amounts approximate fair values.

Bonds and loans payable and Trade and other accounts payable
With respect to those with floating interest rates, carrying amounts are deemed to be fair values as the interest rates of the bonds and loans, and trade and other accounts payable reflect the market interest rate within a short period and as the credit condition of the Group entities that obtained them are not expected to change significantly. With respect to those with fixed interest rates, the fair values are determined based on the future cash outflows discounted using interest rates adjusted for remaining periods and credit risk or discounted using interest rates with reference to similar types of new loans or lease transactions. For those for which a market price exists, the fair value is determined based on quoted market prices. For those with short-term maturities, carrying amounts are deemed to be fair values because the carrying amounts approximate fair values.

For financial liabilities designated at FVTPL, fair value is estimated using primarily the same methods as in "Other financial assets and other financial liabilities".

Customer deposits for banking business

The fair values of demand deposits are determined at the carrying amounts which are the amounts paid on demand at the reporting date. The fair values of time deposits and certificates of deposit are determined based on the future cash outflows discounted using interest rates adjusted for the period to maturity and credit risk. However, for the deposits with short-term maturities, carrying amounts are deemed to be fair values because the carrying amounts approximate fair values.

For financial liabilities designated at FVTPL, fair value is estimated using primarily the same methods as in "Other financial assets and other financial liabilities".

(2) Classification and fair value of financial instruments

Classification and fair value of financial assets were as follows:

As at March 31, 2025

	Carrying Amount					
	Financial assets measured at FVTPL	Equity instruments measured at FVTOCI	Debt instruments measured at FVTOCI	Financial assets measured at amortized cost	Total	Fair value
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Trade and other accounts receivable	780,847	–	–	12,873,490	13,654,337	13,762,304
Assets related to securities business	581,335	–	–	6,007,552	6,588,887	6,587,564
Other financial assets	368,213	–	–	380,575	748,788	749,232
Operational investment securities	755,614	–	–	–	755,614	755,614
Other investment securities	1,110,707	73,511	741,349	1,354,162	3,279,729	3,272,493
Total	3,596,716	73,511	741,349	20,615,779	25,027,355	25,127,207

As at March 31, 2026

	Carrying Amount					Fair value
	Financial assets measured at FVTPL	Equity instruments measured at FVTOCI	Debt instruments measured at FVTOCI	Financial assets measured at amortized cost	Total	
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Trade and other accounts receivable	828,972	–	–	13,324,245	14,153,217	14,138,900
Assets related to securities business	671,863	–	–	6,898,121	7,569,984	7,569,984
Other financial assets	584,117	–	–	990,769	1,574,886	1,566,348
Operational investment securities	941,448	–	–	–	941,448	941,448
Other investment securities	1,214,255	7,561	1,110,204	2,028,267	4,360,287	4,350,214
Total	4,240,655	7,561	1,110,204	23,241,402	28,599,822	28,566,894

Classification and fair value of financial liabilities were as follows:

As at March 31, 2025

	Carrying Amount				Fair value
	Financial	Financial	Financial	Total	
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Bonds and loans payable	–	51,696	5,669,692	5,721,388	5,701,194
Trade and other accounts	–	–	749,758	749,758	749,756
Liabilities related to securities	233,209	–	5,504,586	5,737,795	5,737,795
Customer deposits for	–	479,070	15,554,811	16,033,881	16,016,745
Other financial liabilities	434,560	–	901,743	1,336,303	1,336,303
Total	667,769	530,766	28,380,590	29,579,125	29,541,793

As at March 31, 2026

	Carrying Amount				Fair value
	Financial	Financial	Financial	Total	
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Bonds and loans payable	–	49,922	6,960,200	7,010,122	6,974,697
Trade and other accounts	–	–	793,559	793,559	793,555
Liabilities related to securities	202,678	–	6,382,365	6,585,043	6,585,043
Customer deposits for	–	423,070	17,081,359	17,504,429	17,493,358
Other financial liabilities	629,464	–	1,340,629	1,970,093	1,970,093
Total	832,142	472,992	32,558,112	33,863,246	33,816,746

As at March 31, 2026, the assets and liabilities related to SBI Savings Bank Co., Ltd. have been reclassified in the consolidated statement of financial position to “Assets held for sale” and “Liabilities directly associated with assets held for sale,” respectively.
The carrying amounts of the financial assets included in assets held for sale comprise financial assets measured at FVTPL of ¥111,161 million, equity instruments measured at FVTOCI of ¥280 million, and financial assets measured at amortized cost of ¥1,083,072 million. In addition, the carrying amount of the financial liabilities included in liabilities directly associated with assets held for sale comprises financial liabilities measured at amortized cost of ¥1,113,760 million.
For further details, please refer to Note 38, "Events after the Reporting Period."

(3) Offsetting Financial Assets and Financial Liabilities

Quantitative information for recognized financial assets and recognized financial liabilities set off in the consolidated statement of financial position of the Group and the amounts of potential effect of recognized financial assets and recognized financial liabilities subject to an enforceable master netting arrangement or similar agreement that are not set off in the consolidated financial position of the Group are presented as follows:

As at March 31, 2025

	Financial assets					
	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received	
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Assets related to securities business (Securities borrowing agreements and other similar transactions)	3,543,809	(1,199,943)	2,343,866	(2,276,008)	(67,858)	–
Assets related to securities business (Receivables related to securities transactions)	1,306,312	(470,890)	835,422	(27,976)	–	807,446
Assets related to securities business (Financial assets related to foreign exchange transactions)	80,997	–	80,997	(3,938)	(19,486)	57,573
Other financial assets (Derivative transactions)	335,824	–	335,824	(82,416)	(46,280)	207,128

Financial liabilities

	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral pledged	
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Liabilities related to securities business (Securities loan agreements and other similar transactions)	4,089,533	(1,199,943)	2,889,590	(1,962,597)	–	926,993
Liabilities related to securities business (Payables related to securities transactions)	2,856,715	(470,890)	2,385,825	(27,976)	–	2,357,849
Liabilities related to securities business (Financial liabilities related to foreign exchange transactions)	447,662	–	447,662	(23,424)	–	424,238
Other financial liabilities (Derivative transactions)	391,017	–	391,017	(82,416)	(144,753)	163,848

As at March 31, 2026

Financial assets

	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received	
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Assets related to securities business (Securities borrowing agreements and other similar transactions)	5,007,139	(2,412,247)	2,594,892	(2,284,489)	(310,403)	-
Assets related to securities business (Receivables related to securities transactions)	1,572,707	(639,833)	932,874	(40,626)	-	892,248
Assets related to securities business (Financial assets related to foreign exchange transactions)	128,643	-	128,643	(5,195)	(22,380)	101,068
Other financial assets (Derivative transactions)	552,966	-	552,966	(89,245)	(58,415)	405,306

Financial liabilities

	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral pledged	
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Liabilities related to securities business (Securities loan agreements and other similar transactions)	5,742,889	(2,412,247)	3,330,642	(2,187,153)	-	1,143,489
Liabilities related to securities business (Payables related to securities transactions)	3,323,433	(639,833)	2,683,600	(40,626)	-	2,642,974
Liabilities related to securities business (Financial liabilities related to foreign exchange transactions)	530,998	-	530,998	(27,575)	-	503,423
Other financial liabilities (Derivative transactions)	586,443	-	586,443	(89,246)	(125,536)	371,661

The rights of set-off for recognized financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement are enforced when debt default or other specific events that are unexpected in the ordinary course of business occurs, and have an effect on realization or settlement of individual financial assets and financial liabilities.

(4) Hedge accounting

(a) Risk management strategies

(i) Interest rate risk

The Group is exposed to the risk of changes in the fair value of fixed-rate loans and bonds due to fluctuations in market interest rates. In order to manage fair value fluctuation risks, in accordance with the interest rate risk management policy, the Group enters into interest rate swaps, targeting large exposures assessed as having significant interest rate risk and fixed-rate loans that are managed by grouping by remaining maturity, with the objective of hedging fair value fluctuation risks arising from changes in interest rates.

As hedged items, the Group designates, as risk components, the portions of the fair value fluctuation risks of fixed-rate loans or bonds that are attributable to changes in benchmark interest rates.

With respect to hedge relationships, the Group confirms that there is an economic relationship between the hedged items and the hedging instruments that completely or almost completely offsets fair value fluctuations over the hedge period from the hedge designation date onward, as the notional amounts and the referenced benchmark interest rates of the hedged items and hedging instruments are identical, and significant terms such

as the period during which the hedged items are exposed to fair value fluctuation risk, interest rate reset intervals, and interest rate reset dates are identical or closely related.
In certain fair value hedges, although an economic relationship exists between the hedged items and the hedging instruments, hedge ineffectiveness arises due to differences in the timing of cash flows between the hedged items and the hedging instruments, or due to differences between the amounts of fair value changes of the hedged items attributable to the hedged risk and those of the hedging instruments. However, the amounts of fair value changes of the hedging instruments and hedged items used as the basis for recognizing hedge ineffectiveness, as well as the amounts recognized in profit or loss as hedge ineffectiveness, are not material.

(ii) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from its net investments in foreign operations. In order to hedge such foreign exchange risk, in accordance with its foreign exchange risk management policy, the Group hedges the foreign exchange risk arising from its net investments in foreign operations using foreign exchange forward contracts.
In these hedges, the Group designates a portion of the net investments in foreign operations as the hedged items and designates only changes in spot exchange rates as the risk components. Accordingly, the Group confirms that an economic relationship exists between the hedged items and the hedging instruments that completely or almost completely offsets the effects of foreign exchange fluctuations over the hedge period from the hedge designation date onward.
In addition, the Group hedges foreign exchange fluctuation risk related to highly probable forecast transactions denominated in foreign currencies using foreign exchange forward contracts. In these hedges, the Group designates portion of the foreign-currency-denominated forecast transactions as the hedged items and designates only changes in spot exchange rates as the risk components. Accordingly, the Group confirms that an economic relationship exists between the hedged items and the hedging instruments that completely or almost completely offsets changes in cash flows arising from foreign exchange fluctuations over the hedge period from the hedge designation date onward.

(b) Effect of hedge accounting in the consolidated statement of financial position

The carrying amounts of hedging instruments are as follows.

Risk category	Type of hedging relationship	As at March 31, 2025		As at March 31, 2026	
		Assets	Liabilities	Assets	Liabilities
		Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Interest rate	Fair value hedge	13,429	995	59,615	10
	Cash flow hedge	99	2,543	421	1,361
Foreign exchange	Hedge of a net investment in a foreign operation	763	48	175	—
	Cash flow hedge	924	—	—	457

Hedging instruments designated as hedges are included in "Other financial assets" and "Other financial liabilities" in the consolidated statement of financial position.

(c) Effect of hedge accounting in the consolidated statement of income and consolidated statement of comprehensive income

(i) Fair value hedge

The carrying amount of the hedged item and the accumulated fair value hedge adjustment on the hedged item are as follows.

Risk category	Account	As at March 31, 2025		As at March 31, 2026	
		Carrying amount	Accumulated fair value hedge adjustment	Carrying amount	Accumulated fair value hedge adjustment
		Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Interest rate	Trade and other accounts receivable	908,472	(12,434)	1,415,852	(59,605)

(ii) Cash flow hedge

The amounts recognized in other components of equity for ongoing cash flow hedges are as follows.

Risk category	As at March 31, 2025	As at March 31, 2026
	Millions of Yen	Millions of Yen
Interest rate	(1,795)	154
Foreign exchange	99	(509)

(iii) Hedge of a net investment in a foreign operation

The amounts recognized in other components of equity for ongoing hedges of net investments in foreign operations are as follows.

Risk category	As at March 31, 2025	As at March 31, 2026
	Millions of Yen	Millions of Yen
Foreign exchange	(3,263)	934

7. Fair Value Measurement

(1) Categorization within the level of the fair value hierarchy

"IFRS 13 Fair Value Measurement" requires measurement of fair value to be categorized into three levels with reference to the fair value hierarchy that reflects the significance of the inputs used in making fair value measurements.
The fair value hierarchy is defined as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level of hierarchy used in fair value measurement is determined at the lowest level with relevant significant inputs to the measurement.
A transfer between levels of the hierarchy is recognized at the date when the cause of the transfer or change in circumstances occurs.

The table below presents the assets and liabilities measured at the fair values in the consolidated statement of financial position of the Group.

	As at March 31, 2025			
	Level 1	Level 2	Level 3	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Trade and other accounts receivable	—	86,210	694,637	780,847
Assets related to securities business	399,282	174,067	7,986	581,335
Other financial assets	26	359,878	8,309	368,213
Operational investment securities and other investment securities				
Financial assets measured at FVTPL	106,807	680,419	1,079,095	1,866,321
Equity instruments measured at FVTOCI	26,743	147	46,621	73,511
Debt instruments measured at FVTOCI	312,190	342,575	86,584	741,349
Total	845,048	1,643,296	1,923,232	4,411,576
Bonds and loans payable	—	—	51,696	51,696
Liabilities related to securities business	154,243	73,977	4,989	233,209
Customer deposits for banking business	—	116,530	362,540	479,070
Other financial liabilities	1	351,703	82,856	434,560
Total	154,244	542,210	502,081	1,198,535

	As at March 31, 2026			
	Level 1	Level 2	Level 3	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Trade and other accounts receivable	—	94,443	734,529	828,972
Assets related to securities business	420,269	241,099	10,495	671,863
Other financial assets	96	579,619	4,402	584,117
Operational investment securities and other investment securities				
Financial assets measured at FVTPL	158,250	855,446	1,142,007	2,155,703
Equity instruments measured at FVTOCI	5,328	158	2,075	7,561
Debt instruments measured at FVTOCI	308,312	563,408	238,484	1,110,204
Total	892,255	2,334,173	2,131,992	5,358,420
Bonds and loans payable	—	—	49,922	49,922
Liabilities related to securities business	91,063	106,170	5,445	202,678
Customer deposits for banking business	—	62,363	360,707	423,070
Other financial liabilities	—	498,978	130,486	629,464
Total	91,063	667,511	546,560	1,305,134

In addition to the above, assets related to crypto assets classified as Level 1 amounted to ¥170,927 million and ¥209,553 million as at March 31, 2025 and 2026, respectively, and are included in “Inventories” and "Other assets" in the consolidated statement of financial position.

Furthermore, liabilities related to crypto assets classified as Level 1 amounted to ¥175,423 million and ¥161,548 million as at March 31, 2025 and 2026, respectively, and are included in "Other liabilities" in the consolidated statement of financial position.
As at March 31, 2026, the breakdown by level of the fair value hierarchy of financial assets measured at fair value related to SBI Savings Bank Co., Ltd. that were classified as “Assets held for sale” is ¥11,606 million for Level 1 and ¥99,835 million for Level 3. For further details, please refer to Note 38, "Events after the Reporting Period."

The table below presents the assets and liabilities not measured at the fair values in the consolidated statement of financial position of the Group.

	As at March 31, 2025			
	Level 1	Level 2	Level 3	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Trade and other accounts receivable	—	7,365,739	5,615,718	12,981,457
Assets related to securities business	—	6,006,229	—	6,006,229
Other financial assets	—	189,629	191,390	381,019
Operational investment securities and other investment securities	610,438	74,000	662,488	1,346,926
Total	610,438	13,635,597	6,469,596	20,715,631
Bonds and loans payable	—	4,993,691	655,807	5,649,498
Trade and other accounts payable	—	749,756	—	749,756
Liabilities related to securities business	—	5,504,586	—	5,504,586
Customer deposits for banking business	—	9,670,090	5,867,585	15,537,675
Other financial liabilities	—	891,743	10,000	901,743
Total	—	21,809,866	6,533,392	28,343,258

	As at March 31, 2026			
	Level 1	Level 2	Level 3	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Trade and other accounts receivable	—	6,556,121	6,753,807	13,309,928
Assets related to securities business	—	6,898,121	—	6,898,121
Other financial assets	—	801,279	180,952	982,231
Operational investment securities and other investment securities	325,038	90,205	1,602,951	2,018,194
Total	325,038	14,345,726	8,537,710	23,208,474
Bonds and loans payable	—	5,814,784	1,109,991	6,924,775
Trade and other accounts payable	—	793,555	—	793,555
Liabilities related to securities business	—	6,382,365	—	6,382,365
Customer deposits for banking business	—	10,125,040	6,945,248	17,070,288
Other financial liabilities	—	1,340,629	—	1,340,629
Total	—	24,456,373	8,055,239	32,511,612

(2) Assets and liabilities categorized as Level 3

Based on the valuation methods and policies as reported to the board of directors, external evaluating agencies and appropriate individuals of the Group measure and analyze the valuation of assets and liabilities categorized as Level 3 of the fair value hierarchy.
The valuation results are reviewed and approved by the Group CFO, who also serves as a director of the Company, and the head of the Accounting and Finance Division.

The valuation techniques and unobservable inputs used for recurring and non-recurring fair value measurements of assets and liabilities categorized as Level 3 are as follows:

	As at March 31, 2025		
	Valuation Technique	Unobservable Input	Range
Trade and other accounts receivable	Income approach	Discount rate	(0.4%)－16.9%
		Probability of default	0.0%－7.0%
		Recovery rate	0.0%－100.0%
Assets related to securities business	Income approach	Stock volatility	14.2%－80.2%
		Correlation (Foreign Exchange/Interest Rate)	(6.8%)－(3.9%)
		Correlation (Interest Rate/Interest Rate)	29.0%－85.0%
		Correlation (Foreign Exchange/Interest Rate)	8.0%－38.0%
Other financial assets	Income approach	Discount rate	0.4%－1.2%
		Prepayment rate	0.0%－10.5%
		Probability of default	0.1%－1.4%
		Recovery rate	0.0%－74.0%
Operational investment securities and other investment securities	Market approach, cost approach and income approach	Discount rate	0.2%－21.8%
		P/E ratio	13.2－45.2
		Price to sales ratio	5.5－19.3
		EBITDA ratio	3.4－40.0
		Minority discount	8.3%
		Illiquidity discount	20.0%－60.0%
		Prepayment rate	0.0%－5.7%
		Probability of default	0.0%－5.3%
		Recovery rate	30.0%－100.0%
Bonds and loans payable	Income approach	Discount rate	(0.1%)－0.4%
Liabilities related to securities business	Income approach	Stock volatility	14.2%－80.2%
		Correlation (Foreign Exchange/Interest Rate)	(6.8%)－(3.9%)
Customer deposits for banking business	Income approach	Discount rate	(0.1%)－0.4%
Other financial liabilities	Income approach	Correlation (Interest Rate/Interest Rate)	29.0%－85.0%
		Correlation (Foreign Exchange/Interest Rate)	8.0%－38.0%
		Recovery rate	35.0%－74.0%

	As at March 31, 2026		
	Valuation Technique	Unobservable Input	Range
Trade and other accounts receivable	Income approach	Discount rate	(0.2%)－16.9%
		Probability of default	0.0%－6.9%
		Recovery rate	0.0%－100.0%
Assets related to securities business	Income approach	Stock volatility	12.7%－93.7%
		Correlation (Foreign Exchange/Interest Rate)	(3.9%)－2.6%
		Correlation (Interest Rate/Interest Rate)	29.0%－85.0%
		Correlation (Foreign Exchange/Interest Rate)	8.0%－38.0%
Other financial assets	income approach	Discount rate	0.4% －1.4%
		Prepayment rate	0.0%－10.5%
		Probability of default	0.1%－1.1%
		Recovery rate	0.0%－74.0%
Operational investment securities and other investment securities	Market approach, cost approach and income approach	Discount rate	0.2%－35.0%
		Price to sales ratio	4.8－12.4
		EBITDA ratio	11.5－20.0
		Minority discount	8.3%
		Illiquidity discount	30.0%
		Prepayment rate	0.0%－15.9%
		Probability of default	0.0%－2.0%
		Recovery rate	29.9%－100.0%
Bonds and loans payable	Income approach	Discount rate	(0.3%)－0.1%
Liabilities related to securities business	Income approach	Stock volatility	12.7%－93.7%
		Correlation (Foreign Exchange/Interest Rate)	(3.9%)－2.6%
Customer deposits for banking business	Income approach	Discount rate	(0.3%)－0.1%
Other financial liabilities	Income approach	Correlation (Interest Rate/Interest Rate)	29.0%－85.0%
		Correlation (Foreign Exchange/Interest Rate)	8.0%－38.0%
		Recovery rate	35.0%－74.0%

The fair values of assets and liabilities categorized as Level 3 that are measured at fair value on a recurring basis decrease (increase) with an increase (decrease) in discount rates, decrease (increase) with an increase (decrease) in the probability of default, increase (decrease) with an increase (decrease) in recovery rates, increase (decrease) with an increase (decrease) in volatility, and increase or decrease depending on the nature of the underlying assets due to changes in correlation coefficients. In addition, the fair values decrease (increase) with an increase (decrease) in prepayment rates, increase (decrease) with an increase (decrease) in P/E ratios, increase (decrease) with an increase (decrease) in price to sales ratios, increase (decrease) with an increase (decrease) in EBITDA ratios, decrease (increase) with an increase (decrease) in minority discounts, and decrease (increase) with an increase (decrease) in illiquidity discounts.

With respect to assets and liabilities categorized as Level 3, no significant increase or decrease in fair value is expected even if the inputs are changed to reasonably possible alternative assumptions.

The movement of assets and liabilities categorized as Level 3 measured at fair value on a recurring basis is presented as follows:

For the year ended March 31, 2025

	Assets						
	Operational investment securities and other investment securities			Total	Trade and other accounts receivable	Assets related to securities business	Other financial assets
	Financial assets measured at FVTPL	Equity instruments measured at FVTOCI	Debt instruments measured at FVTOCI				
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at April 1, 2024	1,096,785	2,646	86,764	1,186,195	667,213	8,278	15,049
Purchase and issuance	265,575	44,700	64,651	374,926	293,294	—	—
Comprehensive income							
Net profit (*1)	92,845	—	(2,254)	90,591	(2,909)	488	(5,690)
Other comprehensive income (*2)	—	(355)	(58)	(413)	—	—	—
Dividends	(17,699)	—	—	(17,699)	—	—	—
Sale or redemption	(241,387)	(345)	(62,519)	(304,251)	—	—	—
Settlements	—	—	—	—	(262,961)	(762)	(1,050)
Currency translation differences	(14,144)	(25)	—	(14,169)	—	—	—
Others	(85,044)	—	—	(85,044)	—	—	—
Transferred from Level 3 (*4)	(17,899)	—	—	(17,899)	—	(18)	—
Transfer to Level 3	63	—	—	63	—	—	—
Balance as at March 31, 2025	1,079,095	46,621	86,584	1,212,300	694,637	7,986	8,309

	Liabilities				
	Bonds and loans payable	Trade and other accounts payable	Liabilities related to securities business	Customer deposits for banking business	Other financial liabilities
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at April 1, 2024	53,507	2,342	4,493	326,270	61,553
Purchase and issuance	1,000	—	—	36,600	—
Comprehensive income					
Net profit (*1)	(1,783)	(2,143)	1,401	(73)	23,527
Other comprehensive income (*2)	(29)	—	—	(158)	—
Dividends	—	—	—	—	—
Sale or redemption	—	—	—	—	—
Settlements	(999)	(26)	(905)	(99)	(2,224)
Currency translation differences	—	(173)	—	—	—
Others	—	—	—	—	—
Transferred from Level 3	—	—	—	—	—
Transfer to Level 3	—	—	—	—	—
Balance as at March 31, 2025	51,696	—	4,989	362,540	82,856

For the year ended March 31, 2026

	Assets						
	Operational investment securities and other investment securities			Total	Trade and other accounts receivable	Assets related to securities business	Other financial assets
	Financial assets measured at FVTPL	Equity instruments measured at FVTOCI	Debt instruments measured at FVTOCI				
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at April 1, 2025	1,079,095	46,621	86,584	1,212,300	694,637	7,986	8,309
Purchase and issuance	200,498	48,081	190,181	438,760	283,192	—	—
Comprehensive income							
Net profit (*1)	99,641	—	21,082	120,723	7,002	2,060	(3,041)
Other comprehensive income (*2)	—	3,721	(182)	3,539	—	—	—
Dividends	(17,034)	—	—	(17,034)	—	—	—
Sale or redemption	(138,524)	(3)	(59,181)	(197,708)	—	—	—
Settlements	—	—	—	—	(250,302)	522	(866)
Currency translation differences	27,361	6	—	27,367	—	—	—
Others (*3)	(90,955)	(96,351)	—	(187,306)	—	—	—
Transferred from Level 3 (*4)	(18,075)	—	—	(18,075)	—	(73)	—
Transfer to Level 3	—	—	—	—	—	—	—
Balance as at March 31, 2026	1,142,007	2,075	238,484	1,382,566	734,529	10,495	4,402

	Liabilities				
	Bonds and loans payable	Trade and other accounts payable	Liabilities related to securities business	Customer deposits for banking business	Other financial liabilities
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at April 1, 2025	51,696	—	4,989	362,540	82,856
Purchase and issuance	1,200	—	—	3,000	—
Comprehensive income					
Net profit (*1)	(2,965)	—	607	(155)	52,154
Other comprehensive income (*2)	(9)	—	—	22	—
Dividends	—	—	—	—	—
Sale or redemption	—	—	—	—	—
Settlements	—	—	(151)	(4,700)	(4,524)
Currency translation differences	—	—	—	—	—
Others	—	—	—	—	—
Transferred from Level 3	—	—	—	—	—
Transfer to Level 3	—	—	—	—	—
Balance as at March 31, 2026	49,922	—	5,445	360,707	130,486

Notes:

1. Gains and losses recognized as profit (loss) for the period are included in “Revenue” in the consolidated statement of income. Gains and losses recognized from assets and liabilities measured at FVTPL held as at March 31, 2025 and 2026 were ¥56,972 million and ¥54,941 million of gains, respectively.
2. Gains and losses recognized as other comprehensive income (loss) are included in “Equity instruments measured at FVTOCI”, Debt instruments measured at FVTOCI”, or “Changes in own credit risk on financial liabilities” in the consolidated statement of comprehensive income.
3. As a result of reclassifying the financial assets related to SBI Savings Bank Co., Ltd. to “Assets held for sale,” financial assets measured at FVTPL of ¥99,555 million and equity instruments measured at FVTOCI of ¥280 million are included in “Others.” For further details, please refer to Note 38, "Events after the Reporting Period." In addition, changes in equity instruments measured at FVTOCI mainly include a reclassification to “Investments accounted for using the equity method” as a result of classifying Kyobo Life Insurance Co., Ltd. as an associate accounted for using the equity method.
4. Transfer due to significant input used to measure the fair value becoming observable.

8. Financial Risk Management

(1) Risk management policy over capital management and financing

In order to maintain financial strength, the Group has basic capital management policies to maintain an appropriate level of capital and debt equity structure.

The balances of interest-bearing debt (Bonds and loans payable), cash and cash equivalents and equity attributable to owners of the Company which the Group manages were as follows:

	As at March 31, 2025	As at March 31, 2026
	Millions of Yen	Millions of Yen
Interest-bearing debt (Bonds and loans payable)	5,721,388	7,010,122
Cash and cash equivalents	(5,500,548)	(6,400,580)
Net	220,840	609,542
Equity attributable to owners of the Company	1,261,408	1,794,942

Pursuant to the Financial Instruments and Exchange Act ("FIEA"), Banking Act, and Insurance Business Act of Japan, domestic subsidiaries of the Group are obligated to maintain a certain level of capital adequacy ratio.

Capital adequacy regulations under which main domestic subsidiaries of the Group are obligated are as follows:

1. SBI SECURITIES Co., Ltd. is required to maintain a capital adequacy ratio at the level stipulated by the FIEA. If the capital adequacy ratio falls below 120%, the Financial Services Agency ("FSA") may order changes to operational methods and other changes.
2. SBI Shinsei Bank, Limited is required to maintain a capital adequacy ratio at the level stipulated by the Banking Act, and if the capital adequacy ratio falls below 4%, the FSA can issue early corrective measures, including submission of a business improvement plan, a business improvement order, or a business suspension order.
3. SBI Insurance Group Co., Ltd., SBI Life Insurance Co., Ltd. and SBI Insurance Co., Ltd. are required to maintain an economic value-based solvency margin ratio ("ESR") at the level stipulated by the Insurance Business Act. The FSA may order the submission and implementation of a business improvement plan deemed reasonable for ensuring sound management if the ESR falls below 100%.

SBI Savings Bank, SBI LY HOUR BANK, SBI Bank LLC and Solaris SE, which are overseas subsidiaries, are obligated to maintain a certain level of capital adequacy ratio in conformity with the local laws and regulatory authorities. If the capital adequacy ratio falls below a certain level, they may be subject to administrative penalties or other actions.

The Group engages in a wide range of finance related businesses, such as financial services business (securities business, banking business, insurance business and other financial services business), asset management business, PE investment business and crypto-asset business, and each company avoids excessive concentration of risk on specific entities or businesses. To operate these businesses, the Group raises funds through indirect financing such as bank borrowings, direct financing such as bond issuance and equity financing, and receiving customer deposits for banking business. The Group also considers the market environment and maintains an appropriate strategy for short and long term financing.

The Group conducts trading of derivative instruments including foreign currency forward contracts, currency options, interest rate swaps, listed derivatives and margin trading. The Group enters into these transactions primarily to provide products and services to customers and for hedging purposes. The scale and amount of risk in these transactions are managed through a risk management process, including the establishment of maximum limits to ensure that they are not excessive in consideration of the financial condition.

In order to maintain financial strength and appropriate operational procedures, it is the Group's basic policy of risk management to identify and analyze various risks relevant to the Group entities and strive to carry out integral risk management using appropriate methods.

The Group is mainly exposed to the following risks over financial instruments:

- Credit risk
- Market risk
- Liquidity risk

(2) Risks arising from financial instruments

Financial assets held by the Group primarily consist of investment-related assets, assets related to securities business and financing-related assets.

Investment-related assets include operational investment securities, other investment securities, and investments accounted for using the equity method, which primarily represent investments in stocks and funds. These assets are held for the purpose of fostering the development of venture capital portfolio companies or earning capital gains. These assets are exposed to the issuer's credit risk and the stock price fluctuation risk. Furthermore, unlisted equity securities are exposed to liquidity risk and investment assets denominated in foreign currency are exposed to the risk of foreign exchange fluctuations. The Group uses hedging transactions and other means to control risks.

Assets related to securities business consist of cash segregated as deposits, margin transaction assets, trading instruments, trade date accrual, and short-term guarantee deposits. These assets are exposed to the credit risk and the interest rate risk of the brokerage customers of the Group and financial institutions. Trading instruments are exposed to the credit risk of issuers and the risk of market price fluctuation.

Financing-related assets consist of operational loans receivable. These assets mainly include corporate loans, non-recourse real estate loans, project finance, housing loans for individuals, unsecured loans, and other receivables. These assets are exposed to credit risk of customers and businesses, such as default due to worsening economic conditions with higher credit risk exposure, and interest rate risk. Financing-related assets are presented as "trade and other accounts receivable" in the consolidated statement of financial position.

Financial liabilities of the Group primarily consist of loans payable, bonds payable, customer deposits for the banking business and liabilities related to securities business. The loans payable of the Group are exposed to liquidity risk from changes in the pricing policy of the financial institutions to the Group. Also, the bonds payable are exposed to liquidity risk that restricts the Group's ability to raise funds due to changes in market conditions or the lowering of the credit rating of the Group. Customer deposits for the banking business are important financing arrangements and are exposed to liquidity risk which makes it difficult to arrange requisite finance due to withdrawals or other reasons.

Liabilities related to securities business consist of margin transaction liabilities, loans payable secured by securities on repurchase agreement transactions, deposits from customers, guarantee deposits received from margin transactions, and trade date accrual. The financing environment of the securities business operated by the Group is affected by changes in the business policy of financial institutions and the investment strategy. However, in principle, this risk is mitigated by managing financing in linkage with assets related to securities business.

The Group enters into foreign currency forward contracts and currency option transactions primarily to hedge the risk of short-term foreign exchange fluctuations relating to the settlement of foreign currency denominated receivables and payables and purchase and sale transactions of securities denominated in foreign currencies. The Group enters into interest rate swap contracts to manage its interest rate exposures on borrowings and investment interest, respectively.

Because the counterparties of foreign currency forward contracts, currency option and interest rate swap agreements are limited to creditworthy major Japanese financial institutions and listed derivatives are traded in the public market, the credit risk arising from default is considered to be minimal.

(3) Risk management system over financial instruments

The Company assigns a risk management officer who is in charge of risk management and sets up a risk management department in line with the risk management rules and the group management rules in order to properly analyze and control these risks. The risk management department analyzes and monitors the status of the Group's risks on a timely basis.

(4) Credit risk management

(a) Credit risk management practices

(i) Credit risks regarding financial assets measured at amortized cost, debt instruments measured at FVTOCI, lease receivables, certain loan commitments and financial guarantee contracts

Credit risk is the risk that the Group will incur financial losses resulting from a business partner with credit granted by the Group defaulting on its debt. Credit risk management practices for financial assets measured at amortized cost, debt instruments measured at FVTOCI, lease receivables, certain loan commitments and financial guarantee contracts are as follows.

Receivables are classified into the following three stages and loss allowance is recognized based on changes in and levels of credit risk since their initial recognition:

- For receivables with a low credit risk at the reporting date, or receivables whose credit risk is not low but has not increased significantly since initial recognition, 12-month expected credit losses are recognized as a loss allowance.
- If there is no "credit impairment" but "credit risk has increased significantly" since the initial recognition, the lifetime expected credit losses are recognized as a loss allowance.
- In the case of "credit impairment", the lifetime expected credit losses are recognized as a loss allowance.

Credit risk is assessed based on changes in default risk on relevant financial instruments. The credit risk assessment is performed using internal or external credit ratings of financial instruments, as well as reasonable and supportable information that can be used without undue cost or efforts, such as past due information. For instance, for financial instruments that are categorized as investment grade by an external credit rating organization, or financial instruments whose internal credit rating corresponds with the internationally-accepted definition of low credit risk, such financial instruments are considered to have low credit risk. The Company determines a "significant increase in credit risk" when the credit risk deteriorates from a "low credit risk" condition or when the credit risk was not low at initial recognition but the credit rating has declined or a certain amount of time has passed since the due date. For instance, such financial instruments include those whose credit rating has been downgraded from investment grade to non-investment grade, or for which a certain delinquency period has passed. In addition, if an incident that could have an adverse impact on estimated future cash flows occurs,

financial instruments that are linked to such incidents are determined as credit-impaired financial instruments. Evidence that a financial asset is "Credit-impaired" includes:

- Significant financial difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization
- The disappearance of an active market for that financial asset because of financial difficulties
- Meeting the criteria for classification as delinquent by the regulatory authorities of various countries

Default includes the case where the delinquency period is 90 days or more as of the reporting date, the case where the terms and conditions are revised to give certain concessions to the debtor, the case where the possibility of business failure is recognized as significant, the case where legal or formal business failure has occurred, and the case where substantial business failure has occurred although legal or formal business failure has not occurred.

Based on these assumptions, expected credit losses are measured as unbiased, probability-weighted expected loss amounts, reflecting the time value of money, based on available, reasonable and supportable information about past events, current conditions and projected future economic conditions. Specifically, after grouping based on common credit risk characteristics such as instrument type, credit rating, and collateral value, expected credit losses are measured for each grouping unit using the probability of default (PD) in the future 12 months or for a lifetime period, loss given default (LGD), and exposure at default (EAD) as inputs for financial assets in each of the aforementioned stages. The expected credit losses on certain significant financial assets are measured separately using the discounted cash flow (DCF) method, and credit-impaired financial assets are measured and applied with a separate loss ratio.

In measuring expected credit losses, as future forecast considerations, the Group estimates future default probabilities using a PD model based on correlations with macroeconomic indicators such as real GDP and the unemployment rate and multiple economic forecast scenarios (base, upside, and downside), and reflects these probability-weighted estimates in expected credit losses.

If the Company does not have a reasonable expectation of recovering a given financial asset, the gross carrying amount of the financial asset is written off directly. Such financial assets include claims on debtors who are legally or formally insolvent and claims on debtors who are not legally or formally insolvent but are substantially insolvent. However, there are cases where such directly written-off financial assets will be recovered through external sales.

(ii) Credit risks relating to other financial assets

Credit risks relating to other financial assets are the risk that the Group may suffer losses from decrease or losses of assets due to deteriorated financial conditions of investees/debtors. Credit risk includes country risk that the Group may suffer losses from changes in the currency, political or economic circumstances of a country where investees/debtors operate.

Credit risk management policies of the Group are as follows:

- Accurately analyze financial conditions of investees/debtors and quantify relevant credit risk.
- Appropriately manage the Group's own capital and the related risks by periodic monitoring.
- Under foreign investments or lending transactions, the Group identifies intrinsic risk of investees/debtors with domestic/foreign offices as well as overseas partners followed by periodic monitoring.
- Recognize investment risk as significant risk to be controlled among various credit risks and perform detailed analysis of fluctuation in risk associated with operational investment securities.

The Group operates in accordance with the above risk management policies. Subsidiaries which provide credits to corporate or individual customers as a part of their business are appropriately monitored in accordance with their respective policies.

(b) Quantitative and qualitative information regarding amounts arising from expected credit losses

The movement of loss allowance is as follows:

	12-month expected credit losses	Lifetime expected credit losses			Purchased or originated credit-impaired financial asset	Total
		Significantly increased credit risk		Trade receivables		
		Not credit-impaired	Credit-impaired			
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
As at April 1, 2024	94,100	15,629	71,579	25	(2,466)	178,867
New financial assets originated or purchased	31,425	-	-	-	-	31,425
Derecognition of financial assets	(14,064)	(2,107)	(66,481)	-	4,282	(78,370)
Transfer						
Transfer to lifetime expected credit losses	(6,145)	7,290	(1,145)	-	-	-
Transfer to credit-impaired financial assets	(7,144)	(7,850)	14,994	-	-	-
Transfer to 12-month expected credit losses	3,970	(3,343)	(627)	-	-	-
Write-offs	(3,399)	(593)	(17,380)	-	(1,723)	(23,095)
Changes in model/risk variables	(9,582)	10,531	70,631	2	1,536	73,118
Foreign currency translation adjustment on foreign operations	(4,711)	(977)	(3,509)	-	-	(9,197)
As at March 31, 2025	84,450	18,580	68,062	27	1,629	172,748
New financial assets originated or purchased	35,712	-	-	-	-	35,712
Derecognition of financial assets	(19,361)	(2,781)	(77,269)	-	2,698	(96,713)
Transfer						
Transfer to lifetime expected credit losses	(5,161)	6,082	(921)	-	-	-
Transfer to credit-impaired financial assets	(6,882)	(11,016)	17,898	-	-	-
Transfer to 12-month expected credit losses	10,399	(8,680)	(1,719)	-	-	-
Write-offs	(746)	(489)	(19,978)	-	(1,957)	(23,170)
Changes in model/risk variables	(15,693)	15,373	89,110	35	(3,470)	85,355
Foreign currency translation adjustment on foreign operations	1,800	447	1,727	-	-	3,974
Reclassification to assets held for sale	(33,442)	(7,490)	(33,950)	-	-	(74,882)
As at March 31, 2026	51,076	10,026	42,960	62	(1,100)	103,024

During the year ended March 31, 2026, the Group revised certain presentation classifications related to changes in the loss allowance to more clearly present the factors driving increases and decreases. As a result, the total amount of ¥49,137 million that was presented as "Transfer" for the year ended March 31, 2025 has been reclassified and presented as follows: ¥28,173 million

under “New financial assets originated or purchased,” ¥5,341 million under “Derecognition of financial assets,” and ¥71,969 million under “Changes in model/risk variables.”

The primary increase in the "12-month expected credit losses" under "New financial assets originated or purchased" for the years ended March 31, 2025 and 2026 is due to an increase in normal receivables.

The total amount of undiscounted expected credit losses at initial recognition on purchased or originated credit-impaired financial assets are ¥5,582 million and ¥5,618 million as at March 31, 2025 and 2026, respectively.

The amount of loss allowance for loan commitments with an unused portion amounted to ¥1,606 million and ¥3,211 million as at March 31, 2025 and 2026, respectively. The amount of ¥61 million reclassified to assets held for sale is included in the balance as at March 31, 2026.
The loss allowance on financial guarantee contracts were ¥2,478 million and ¥5,537 million as at March 31, 2025 and 2026, respectively.

In addition, of the financial assets directly written off during the years ended March 31, 2025 and 2026, the outstanding uncollected balances that are still subject to enforcement activities amounted to ¥35,239 million and ¥48,347 million, respectively.

(c) Credit risk exposure

The loans in the banking business included in "Trade and other accounts receivable" by industry are as follows:

	As at March 31, 2025	As at March 31, 2026	of which: assets held for sale
	Millions of Yen	Millions of Yen	Millions of Yen
Manufacturing	546,663	821,608	35,401
Agriculture and forestry	1,674	1,213	1,213
Fishery	336	232	232
Mining, quarrying of stone, gravel extraction	10,559	25,441	82
Construction	62,862	106,933	20,040
Electricity, gas, heating, water	587,486	656,695	1,255
Information and communication	78,721	104,255	8,315
Transportation, postal services	329,470	511,004	15,237
Wholesale and retail trade	317,392	466,347	79,655
Finance and insurance	1,405,624	1,470,930	110,882
Real estate	1,365,698	1,614,850	62,876
Services	903,876	982,011	50,553
Japanese local governments, government-affiliated organizations, and local public corporations, etc.	919,560	219,832	36
Individuals and others	6,518,545	7,649,617	720,451
Total	13,048,466	14,630,968	1,106,228

The amount of the Group's maximum exposure to credit risk are as follows:
As at March 31, 2025

	12-month expected credit losses	Lifetime expected credit losses		Trade receivables	Purchased or originated credit-impaired financial asset	Financial instruments to which impairment requirements do not apply	Total
		Significantly increased credit risk					
		Not credit-impaired	Credit-impaired				
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Cash and cash equivalents	5,500,548	-	-	-	-	-	5,500,548
Trade and other accounts receivable							
Banking (domestic) (*1)							
Normal Obligors							
Credit to Corporate	6,798,323	132,669	-	-	-	404,007	7,334,999
Credit to Individual	43,233	-	-	-	-	-	43,233
Others (*2)	3,871,264	25,963	104	-	177	-	3,897,508
Need Caution Obligors							
Credit to Corporate	23,733	47,929	-	-	215	84,643	156,520
Credit to Individual	-	-	-	-	-	-	-
Others (*2)	764	19,123	51	-	342	-	20,280
Credit–impaired Obligors							
Credit to Corporate	789	929	14,662	-	1,941	4,686	23,007
Credit to Individual	-	-	-	-	-	-	-
Others (*2)	229	595	63,401	-	54,219	-	118,444
Others (no obligor classification)	102,870	-	-	-	-	203,541	306,411
Banking (overseas)							
Credit to Individual (*4)							
Group A	104,638	1,616	527	-	-	-	106,781
Group B	417,111	6,162	1,840	-	-	-	425,113
Group C or less	75,671	23,361	26,381	-	-	-	125,413
Credit to Corporate (external rating) (*4)							
Group A	113,246	-	1,364	-	-	-	114,610
Group B	36,088	9,154	6,862	-	-	-	52,104
Group C or less	1,172	-	721	-	-	-	1,893
Credit to Corporate							
No overdue information	264,394	15,868	13,436	-	-	-	293,698
One or more delinquents	-	2,968	23,940	-	-	-	26,908
Others (no obligor classification)	-	1,544	-	-	-	-	1,544
Others	511,113	2,520	67,534	112,865	617	83,970	778,619
Loss allowance	(84,450)	(18,580)	(68,062)	(27)	(1,629)	-	(172,748)
Total	12,280,188	271,821	152,761	112,838	55,882	780,847	13,654,337
Assets related to securities business	6,006,962	-	590	-	-	581,335	6,588,887
Other financial assets	380,575	-	-	-	-	368,213	748,788
Other investment securities (external rating)							
BBB or above	580,878	-	-	-	-	-	580,878
Less than BBB	281	-	-	-	-	-	281
Unrated	1,514,352	-	-	-	-	1,184,218	2,698,570
Total	2,095,511	-	-	-	-	1,184,218	3,279,729

As at March 31, 2026

	12-month expected credit losses	Lifetime expected credit losses		Trade receivables	Purchased or originated credit-impaired financial asset	Financial instruments to which impairment requirements do not apply	Total
		Significantly increased credit risk					
		Not credit-impaired	Credit-impaired				
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Cash and cash equivalents	6,400,580	-	-	-	-	-	6,400,580
Trade and other accounts receivable							
Banking (domestic) (*1)							
Normal Obligors							
Credit to Corporate	7,286,208	177,886	-	-	-	436,977	7,901,071
Credit to Individual	77,184	-	-	-	-	-	77,184
Others (*2)	4,557,067	11,301	-	-	683	-	4,569,051
Need Caution Obligors							
Credit to Corporate	22,121	25,077	-	-	267	55,311	102,776
Credit to Individual	-	409	-	-	-	-	409
Others (*2)	2,799	10,402	-	-	533	-	13,734
Credit–impaired Obligors							
Credit to Corporate	-	-	18,315	-	2,117	4,812	25,244
Credit to Individual	-	-	-	-	-	-	-
Others (*2)	-	-	32,464	-	62,570	-	95,034
Others (no obligor classification)	501,796	-	-	-	-	238,441	740,237
Others	539,445	20,410	28,011	50,027	177	93,431	731,501
Loss allowance	(51,076)	(10,026)	(42,960)	(62)	1,100	-	(103,024)
Total	12,935,544	235,459	35,830	49,965	67,447	828,972	14,153,217
Assets held for sale (*3)							
Banking (overseas)							
Credit to Individual (*4)							
Group A	125,573	2,501	1,164	–	–	–	129,238
Group B	408,294	8,073	2,834	–	–	–	419,201
Group C or less	67,527	21,734	26,486	–	–	–	115,747
Credit to Corporate (external rating) (*4)							
Group A	104,238	1,696	1,404	–	–	–	107,338
Group B	38,115	8,785	7,436	–	–	–	54,336
Group C or less	722	-	1,252	–	–	–	1,974
Credit to Corporate							
No overdue information	219,746	21,817	12,050	–	–	–	253,613
One or more delinquents	-	2,285	21,295	–	–	–	23,580
Others (no obligor classification)	-	1,201	-	–	–	–	1,201
Loss allowance	(33,442)	(7,490)	(33,950)	–	–	–	(74,882)
Total	930,773	60,602	39,971	–	–	–	1,031,346
Assets related to securities business	6,897,537	-	584	–	–	671,863	7,569,984
Other financial assets	1,021,920	-	-	–	–	552,966	1,574,886
Other investment securities (external rating)							
BBB or above	768,129	49,937	-	–	–	-	818,066
Less than BBB	-	-	-	–	–	-	-

	12-month expected credit losses	Lifetime expected credit losses		Trade receivables	Purchased or originated credit-impaired financial asset	Financial instruments to which impairment requirements do not apply	Total
		Significantly increased credit risk					
		Not credit-impaired	Credit-impaired				
Unrated	2,320,406	-	-	–	–	1,221,815	3,542,221
Total	3,088,535	49,937	-	–	–	1,221,815	4,360,287

Notes:

1. The categories of Normal Obligors, Need Caution Obligors, and Credit–impaired Obligors in the banking business (domestic) are as follows:

- Normal Obligors: Debtors whose business conditions are favorable and whose financial conditions are deemed to have no particular problems
- Need Caution Obligors: Debtors requiring attention for credit control due to problems with lending conditions such as interest rate reductions and shelving, problems with repayment performance such as virtually overdue principal repayment or interest payment, problems with poor or unstable business conditions, or problems with finances
- Credit–impaired Obligors: Described in "8. Financial Risk Management (4) Credit risk Management (a) Credit risk management practices".

2. For certain financial assets for individuals, only past due information is used to assess whether credit risk has increased significantly since initial recognition.
The past due status of the financial assets is as follows:

As at March 31, 2025

	Within 30 days past due	31-60 days past due	61-90 days past due	Over 90 days past due	Total past due claims	Not past due	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Residential mortgages	12,276	285	201	1,135	13,897	1,488,432	1,502,329
Qualified revolving	34,840	5,357	4,208	11,027	55,432	507,218	562,650
Others	160,454	6,014	3,124	50,148	219,740	1,596,280	1,816,020

As at March 31, 2026

	Within 30 days past due	31-60 days past due	61-90 days past due	Over 90 days past due	Total past due claims	Not past due	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Residential mortgages	15,203	519	240	1,179	17,141	2,225,366	2,242,507
Qualified revolving	38,124	4,148	3,570	9,928	55,770	605,775	661,545
Others	171,561	6,015	2,796	32,511	212,883	1,551,671	1,764,554

3. As at March 31, 2026, the assets and liabilities related to SBI Savings Bank Co, Ltd. have been reclassified in the consolidated statement of financial position to “Assets held for sale” and “Liabilities directly associated with assets held for sale,” respectively. For further details, please refer to Note 38, "Events after the Reporting Period."

4. Credit to Individual and Credit to Corporate in the banking business (overseas) are as follows:

- Group A: A financial asset with low credit risk. In the case of an external rating, it corresponds to "investment grade".
- Group B: A financial asset that has neither low nor a high credit risk. In the case of an external rating, it falls under BBB and CCC or above.

- Group C and below: A financial asset with high or extremely high credit risk. In case of an external rating, they fall under CCC or below.

Trade and other accounts receivable include the amount recoverable by insurance or collateral. Collateral received mainly consists of real estate assets received on loan to small-middle real estate companies or individual or other assets. Evaluation on receiving collateral is made by an independent third party appraiser and the amount of the loan is determined to be filled with evaluation value. However, the value of the collateral may be inadequate due to a declining real estate market. If the Group obtains collateral assets by exercise of security interests, the Group immediately collects the loan by conducting sales or auction of the assets.

The loss allowance for credit impaired financial assets has been reduced by ¥58,457 million and ¥61,102 million by underlying collateral held as a security and other credit enhancements as at March 31, 2025 and 2026, respectively. The amount of ¥39,974 million related to "Assets held for sale" is included in the balance as at March 31, 2026.

The amount of its maximum exposure to credit risk for undrawn loan commitments is as follows: In addition, "Banking business (overseas)" as at March 31, 2026 includes amounts related to "Assets held for sale" of ¥8,792 million under "12-month expected credit losses" and ¥1,468 million under "Not credit-impaired," respectively.

As at March 31, 2025

	12-month expected credit losses	Lifetime expected credit losses		Total
		Significantly increased credit risk		
		Not credit-impaired	Credit-impaired	
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Undrawn loan commitments				
Banking business (domestic)	3,341,800	36,236	-	3,378,036
Banking business (overseas)	14,553	1,558	-	16,111
Others	439,766	-	-	439,766

As at March 31, 2026

	12-month expected credit losses	Lifetime expected credit losses		Total
		Significantly increased credit risk		
		Not credit-impaired	Credit-impaired	
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Undrawn loan commitments				
Banking business (domestic)	3,322,574	29,860	2,065	3,354,499
Banking business (overseas)	8,792	1,468	-	10,260
Others	104,564	323,334	7,419	435,317

The amount of its maximum exposure to credit risk for financial guarantee contracts is as follows:

As at March 31, 2025

	12-month expected credit losses	Lifetime expected credit losses		Total
		Significantly increased credit risk		
		Not credit-impaired	Credit-impaired	
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Financial guarantee contracts	822,903	2,860	234	825,997

As at March 31, 2026

	12-month expected credit losses	Lifetime expected credit losses		Total
		Significantly increased credit risk		
		Not credit-impaired	Credit-impaired	
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Financial guarantee contracts	484,978	364,047	8,946	857,971

(5) Market risk management

Market risk is the risk that the Group may suffer losses from fluctuation of interest rate, stock price, foreign exchange rate or other factors.

Market risk management policies of the Group are as follows:

(i) Understand underlying currency and term of assets and quantify market risk.

(ii) Appropriately manage the balance between the Group's own capital and its related risk by periodic monitoring.

(iii) Never enter into derivative transactions for speculative purposes in the absence of established operating rules.

(a) Stock Market Risk

The Group is exposed to stock market risk arising from its investment portfolio. If the market prices of the total of operational investment securities and other investment securities held by the Group as at March 31, 2025 and 2026 increased by 10%, profit before income tax expense in the consolidated statement of income would have increased by ¥9,258 million and ¥15,036 million, respectively.

(b) Foreign Exchange Risk

The Group is exposed to foreign exchange risk, mainly in USD, on assets and liabilities denominated in currencies used by various entities other than the Group's functional currency. The Group's main net exposures to foreign exchange risk are as follows:

	As at March 31, 2025	As at March 31, 2026
	Millions of Yen	Millions of Yen
USD	(942,742)	(516,411)

Foreign Currency Sensitivity Analysis
With all other variables held constant, the impact of a 1% appreciation of the USD against the functional currency on profit before income tax expense in the consolidated statement of income for the years ended March 31, 2025 and 2026 for monetary financial instruments denominated in foreign currencies held by the Group as at March 31, 2025 and 2026 is as follows.

	As at March 31, 2025	As at March 31, 2026
	Millions of Yen	Millions of Yen
Profit before income tax expense	(9,427)	(5,164)

(c) Interest Rate Risk

The Group is exposed to various interest rate fluctuation risks in its business operations. Interest rate fluctuation, except for those that are hedged by hedging transactions, affects financial income arising from financial assets, which primarily consist of bank balances, money in trust held by subsidiaries in the financial services business, call loans, and loans receivable from individual and corporate customers, and also affects financial costs arising from financial liabilities, which primarily consist of borrowings from financial institutions, bonds payable, and customer deposits for the banking business.

In management's sensitivity analysis, if interest rates of financial instruments held by the Group as at March 31, 2025 and 2026 had been 100 basis points higher, profit before income tax expense in the consolidated statement of income for the years ended March 31, 2025 and 2026 would have increased by ¥23,110 million and ¥22,322 million, respectively.
The analysis covers financial instruments subject to interest rate fluctuations and assumes that all other variables, such as foreign exchange fluctuations, were held constant.

(6) Liquidity risk management

Liquidity risk is defined as the Group's exposure to the below situations:
- Necessary financing cannot be secured due to deterioration of the Group's financial condition
- Risk of loss from financing at higher interest rate than usual with no option
- Risk of loss from transaction at significantly unreasonable price with no option or unable to conduct transactions due to severe situation such as market turmoil.

The Group manages its liquidity risk through the following policies.

(a) Secure various financing arrangements such as bank overdraft facility, bond issuance registration or stock issuance.
(b) Collect information on the Group's working capital requirement and understand the cash flow positions.
(c) Obtain reports from the department responsible for cash management based upon the liquidity risk management policies stated in (a) and (b) above to monitor cash flow risks.

Liquidity risk arises from financial liabilities settled by transfer of cash and other financial assets.
Balances of financial liabilities held by the Group by maturity are as follows:

As at March 31, 2025

	Carrying amount	Contractual cash flow	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Bonds and loans payable	5,721,388	5,788,911	2,881,269	641,451	1,251,703	371,934	110,078	532,476
Trade and other accounts payable	749,758	740,780	686,669	9,003	8,808	3,311	3,395	29,594
Liabilities related to securities business	5,737,795	5,737,836	5,737,836	—	—	—	—	—
Customer deposits for banking business	16,033,881	16,107,591	14,331,200	314,129	316,620	390,537	643,284	111,821
Financial guarantee contracts	—	825,997	540,718	62,956	46,255	39,602	34,455	102,011

As at March 31, 2026

	Carrying amount	Contractual cash flow	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Bonds and loans payable	7,010,122	7,217,166	3,605,552	1,452,101	665,547	333,720	421,421	738,825
Trade and other accounts payable	793,559	794,099	732,403	14,057	6,947	4,464	3,745	32,483
Liabilities related to securities business	6,585,043	6,585,493	6,585,493	—	—	—	—	—
Customer deposits for banking business	17,504,429	17,644,103	16,251,565	114,144	390,686	589,399	144,195	154,114
Financial guarantee contracts	—	857,971	578,441	58,348	46,668	39,581	34,752	100,181

The Group entered into line of credit agreements (e.g., overdraft facilities) with leading domestic and overseas financial institutions to ensure an efficient operating funds procurement and to mitigate liquidity risk.
Contractual amounts and used amounts of overdraft facilities as at each reporting date are as follows:

	As at March 31, 2025	As at March 31, 2026
	Millions of Yen	Millions of Yen
Lines of credit	975,767	1,405,902
Used balance	290,285	321,233
Unused portion	685,482	1,084,669

9. Trade and Other Accounts Receivable

Trade and other accounts receivable as at March 31, 2025 and 2026, consisted of the following:

	As at March 31, 2025	As at March 31, 2026
	Millions of Yen	Millions of Yen
Trade accounts receivable and installment receivables	1,390,474	1,488,553
Loans receivable	11,607,581	12,071,974
Operational receivables	190,042	112,236
Finance lease receivables	262,629	295,107
Deposits	146,590	129,443
Others	57,021	55,904
Total	13,654,337	14,153,217

Maturity analysis to the collection or the settlement of trade and other accounts receivable as at March 31, 2025 and 2026, consisted of the following:

	As at March 31, 2025	As at March 31, 2026
	Millions of Yen	Millions of Yen
No later than 1 year	3,874,051	2,773,992
Later than 1 year	9,780,286	11,379,225
Total	13,654,337	14,153,217

10. Inventories

Inventories as at March 31, 2025 and 2026, consisted of the following:

	As at March 31, 2025	As at March 31, 2026
	Millions of Yen	Millions of Yen
Crypto assets	99,268	124,860
Real estate for sale	89,130	51,609
Products	28,554	19,456
Others	8,598	8,380
Total	225,550	204,305

Inventories recognized as Operating cost amounted to ¥107,488 million and ¥126,714 million for the years ended March 31, 2025 and 2026, respectively. The amount of write-downs of inventories recognized as expenses during the period was not material.
The carrying amounts of inventories at fair value less costs to sell are described in “7. Fair Value Measurement”.

11. Assets Related to Securities Business

Assets related to securities business as at March 31, 2025 and 2026, consisted of the following:

	As at March 31, 2025	As at March 31, 2026
	Millions of Yen	Millions of Yen
Cash segregated as deposits	3,221,257	3,782,539
Margin transaction assets	1,920,103	2,185,966
Trade date accrual	599,706	690,101
Trading products	581,335	671,863
Short-term guarantee deposits	106,942	129,934
Loans receivable secured by securities	158,751	107,999
Others	793	1,582
Total	6,588,887	7,569,984

12. Operational Investment Securities and Other Investment Securities

"Operational investment securities" and "Other investment securities" in the consolidated statement of financial position as at March 31, 2025 and 2026 consisted of the following:

	As at March 31, 2025	As at March 31, 2026
	Millions of Yen	Millions of Yen
Operational investment securities		
Financial assets measured at FVTPL	755,614	941,448
Total	755,614	941,448
Other investment securities		
Financial assets measured at FVTPL	1,110,707	1,214,255
Equity instruments measured at FVTOCI	73,511	7,561
Debt instruments measured at FVTOCI	741,349	1,110,204
Financial assets measured at amortized cost	1,354,162	2,028,267
Total	3,279,729	4,360,287

The Group may designate some of its investments in equity instruments as equity instruments measured at FVTOCI, taking into consideration the actual conditions of the investments such as business relationships with the investee companies.

Fair values of equity instruments measured at FVTOCI presented as "Other investment securities" in the consolidated statement of financial position and related dividends income presented as "Revenue" in the consolidated statement of income consisted of the following, respectively:

Fair value		Dividends income	
As at March 31, 2025	As at March 31, 2026	For the year ended March 31, 2025	For the year ended March 31, 2026
Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
73,511	7,561	741	188

Name of investee and related fair values of equity instruments measured at FVTOCI presented as "Other investment securities" in the consolidated statement of financial position mainly consisted of the following:

	As at March 31, 2025	As at March 31, 2026
	Millions of Yen	Millions of Yen
Other investment securities		
Chengdu Kobelco Construction Machinery Financial Leasing Ltd.	1,592	1,788
Ishihara Sangyo Kaisha, Ltd.	892	1,381
Kyobo Life Insurance Co., Ltd.	44,395	—
Latitude Group Holdings Limited	22,190	—

The fair value at the date of derecognition of equity instruments measured at FVTOCI derecognized during the period, the cumulative gain transferred from other components of equity to retained earnings, net of tax, and dividends received are as follows:

For the year ended March 31, 2025			For the year ended March 31, 2026		
Fair value at the date of derecognition	Cumulative gain (loss)	Dividend received	Fair value at the date of derecognition	Cumulative gain (loss)	Dividend received
Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
3,411	1,392	28	118,318	(5,428)	2,171

Equity instruments measured at FVTOCI are sold to enhance the efficiency and effective utilization of assets.
For equity instruments measured at FVTOCI whose significant decline in fair value compared to their acquisition costs is other than temporary, cumulative losses (net of tax) transferred from other components of equity to retained earnings for the years ended March 31, 2025 and 2026 were ¥159 million and ¥95 million, respectively.

13. Investments Accounted for Using the Equity Method

(1) Investments in associates

The combined financial information of associates accounted for using the equity method is as follows:

	For the year ended March 31, 2025	For the year ended March 31, 2026
	Millions of Yen	Millions of Yen
Profit for the year attributable to the Group	30,468	96,189
Other comprehensive income attributable to the Group	(616)	9,231
Total comprehensive income attributable to the Group	29,852	105,420

	As at March 31, 2025	As at March 31, 2026
	Millions of Yen	Millions of Yen
Carrying amount	334,143	521,333

During the years ended March 31, 2025 and 2026, the recoverable amounts of investments in certain associates were lower than their carrying amounts. As a result, impairment losses of ¥1,824 million were recognized in the Financial Services Business for the year ended March 31, 2025, and impairment losses of ¥10,665 million in the Financial Services Business, ¥2,786 million in the Next Gen Business, and ¥5 million in the PE Investment Business were recognized for the year ended March 31, 2026.
These impairment losses are included in "Other expenses" in the consolidated statement of income.

(2) Investments in joint ventures

The combined financial information of joint ventures accounted for using the equity method is as follows:

	For the year ended March 31, 2025	For the year ended March 31, 2026
	Millions of Yen	Millions of Yen
Profit for the year attributable to the Group	(994)	(725)
Other comprehensive income attributable to the Group	(213)	334
Total comprehensive income attributable to the Group	(1,207)	(391)

	As at March 31, 2025	As at March 31, 2026
	Millions of Yen	Millions of Yen
Carrying amount	11,210	13,294

14. Structured Entities

The Group conducts investment partnerships and special purpose entities for investment activities in Japan and overseas. These investment partnerships and special purpose entities raise funds from investors, and provide funding mainly in the form of capital contributions and loans to investees or special purpose entities. These investment partnerships, etc., are structured in a way that voting rights are not the dominant factor in deciding who controls the partnerships. The Group is also involved in activities related to the purpose of the trusts through guarantees of the trusts.
The purpose of using the assets and liabilities of the structured entities is restricted by contractual arrangements between the Group and the structured entities.

(1) Consolidated structured entities

Total assets of the consolidated investment partnerships and special purpose entities were ¥1,032,103 million and ¥1,226,780 million as at March 31, 2025 and 2026, respectively. Total liabilities were ¥561,871 million and ¥776,499 million as at March 31, 2025 and 2026, respectively.

(2) Unconsolidated structured entities

The Group invests in and provides loans to investment partnerships and special purpose entities, etc. that third parties have control on their operations.

The Group has not entered into any arrangement to provide financial support for the assets and liabilities of these structured entities. Accordingly, the maximum exposure to loss resulting from the Group's involvement with unconsolidated structured entities is limited to the carrying amounts, the details of which are as described below:

	As at March 31, 2025	As at March 31, 2026
	Millions of Yen	Millions of Yen
Trade and other accounts receivable	1,372,605	1,473,510
Other financial assets	222,201	219,917
Operational investment securities	40,357	57,069
Other investment securities	960,586	1,247,086
Total	2,595,749	2,997,582

The maximum exposure indicates the maximum amount of possible losses, but not the possibility of such losses being incurred.

15. Investment Property

The movement of cost and accumulated depreciation and impairment losses of investment property consisted of the following:

Cost	For the year ended March 31, 2025	For the year ended March 31, 2026
	Millions of Yen	Millions of Yen
Balance, beginning of year	81,092	36,152
Acquisitions	12,979	27,689
Sale or disposal	(57,919)	(28,105)
Balance, end of year	36,152	35,736

Accumulated depreciation and impairment losses	For the year ended March 31, 2025	For the year ended March 31, 2026
	Millions of Yen	Millions of Yen
Balance, beginning of year	(1,427)	(1,416)
Depreciation	(557)	(206)
Sale or disposal	568	1,356
Balance, end of year	(1,416)	(266)

The carrying amount and fair value of investment property were as follows:

As at March 31, 2025		As at March 31, 2026	
Carrying amount	Fair value	Carrying amount	Fair value
Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
34,736	40,832	35,470	49,225

The fair value as at the end of each reporting period is based on a valuation conducted by independent valuation appraisers with appropriate qualifications, who have had recent experience in local practice for relative categories of assets.
The inputs used for the fair value measurement of investment properties are categorized as Level 3 (unobservable inputs).

Rental income from investment property for the years ended March 31, 2025 and 2026 was ¥2,391 million and ¥1,566 million, respectively, which was included in "Revenue" in the consolidated statement of income. Directly incurred expenses in relation to the rental income (including repairs and maintenance) for the years ended March 31, 2025 and 2026 were ¥2,116 million and ¥1,462 million, respectively, which were included in "Operating cost" and "Selling, general and administrative expenses".

16. Property and Equipment

The movements of cost, accumulated depreciation and impairment loss of property and equipment were as follows:

Cost	Buildings	Furniture and fixtures	Machinery and equipment	Land	Others	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at April 1, 2024	90,927	38,768	38,854	13,219	30,032	211,800
Acquisitions	14,247	6,017	19,877	1,290	845	42,276
Acquisitions through business combinations	456	1,909	9	1,274	4,804	8,452
Sales or disposals	(6,946)	(3,833)	(7,020)	(2,081)	(2,400)	(22,280)
Foreign currency translation adjustment on foreign operations	(502)	(613)	(2)	(100)	(141)	(1,358)
Others	3,550	1,677	572	–	(4,434)	1,365
Balance as at March 31, 2025	101,732	43,925	52,290	13,602	28,706	240,255
Acquisitions	25,613	6,578	7,563	2,116	11,045	52,915
Acquisitions through business combinations	1,100	91	26	1,552	601	3,370
Sales or disposals	(7,937)	(5,963)	(6,710)	(2,535)	(7,968)	(31,113)
Reclassification to assets held for sale	(7,580)	(6,561)	–	–	(971)	(15,112)
Foreign currency translation adjustment on foreign operations	651	784	3	57	135	1,630
Others	1,368	1,832	603	(4)	(2,863)	936
Balance as at March 31, 2026	114,947	40,686	53,775	14,788	28,685	252,881

Accumulated depreciation and impairment losses	Buildings	Furniture and fixtures	Machinery and equipment	Land	Others	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at April 1, 2024	(45,804)	(22,991)	(4,802)	(472)	(3,954)	(78,023)
Sales or disposals	5,525	3,030	3,573	62	597	12,787
Depreciation	(14,728)	(6,028)	(6,224)	(98)	(2,696)	(29,774)
Impairment losses	(341)	(406)	(500)	–	–	(1,247)
Foreign currency translation adjustment on foreign operations	359	462	2	–	117	940
Balance as at March 31, 2025	(54,989)	(25,933)	(7,951)	(508)	(5,936)	(95,317)
Sales or disposals	4,877	5,308	3,948	243	2,603	16,979
Depreciation	(14,551)	(6,686)	(5,814)	(48)	(4,454)	(31,553)
Impairment losses	(1,580)	(170)	(2)	–	(18)	(1,770)
Reclassification to assets held for sale	4,711	5,135	–	–	938	10,784
Foreign currency translation adjustment on foreign operations	(408)	(368)	(2)	–	(76)	(854)
Balance as at March 31, 2026	(61,940)	(22,714)	(9,821)	(313)	(6,943)	(101,731)

Carrying amount	Buildings	Furniture and fixtures	Machinery and equipment	Land	Others	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at March 31, 2025	46,743	17,992	44,339	13,094	22,770	144,938
Balance as at March 31, 2026	53,007	17,972	43,954	14,475	21,742	151,150

The carrying amount of property and equipment includes the carrying amount of right-of-use assets and the carrying amount of lessor's operating lease assets.
Right-of-use assets increased by ¥12,545 million and ¥23,747 million for the years ended March 31, 2025 and 2026, respectively.

Carrying amount of right-of-use assets	Buildings	Furniture and fixtures	Machinery and equipment	Land	Others	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at March 31, 2025	23,067	2,166	74	360	2,287	27,954
Balance as at March 31, 2026	31,980	1,798	39	118	2,438	36,373

Carrying amount of lessor's operating lease assets	Buildings	Furniture and fixtures	Machinery and equipment	Others	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at March 31, 2025	162	3,270	31,743	19,274	54,449
Balance as at March 31, 2026	144	2,820	30,790	18,692	52,446

Impairment losses recognized for the years ended March 31, 2025 and 2026 were ¥1,247 million and ¥1,770 million, respectively, due to no expectation of initially expected profits and are included in "Other expenses" in the consolidated statement of income. The breakdown of impairment losses by segment for the years ended March 31, 2025 and 2026 was ¥713 million and ¥1,758 million in the Financial Services Business, ¥534 million and ¥3 million in the Next Gen Business, and ¥9 million in the PE Investment Business for the year ended March 31, 2026.

17. Intangible Assets

(1) The movement of cost, accumulated amortization and accumulated impairment losses of intangible assets including goodwill

The movements in cost, accumulated amortization and impairment losses of intangible assets including goodwill for the years ended March 31, 2025 and 2026 were as follows:

Cost	Goodwill	Software	Customer relationship	Others	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at April 1, 2024	267,949	220,529	54,499	15,737	558,714
Acquisitions	—	46,278	—	4,992	51,270
Acquisitions through business combinations	2,364	5,005	5,503	2	12,874
Sales or disposals	(5)	(7,225)	—	(78)	(7,308)
Foreign currency translation adjustment on foreign operations	(11,720)	(797)	(1,499)	(640)	(14,656)
Balance as at March 31, 2025	258,588	263,790	58,503	20,013	600,894
Acquisitions	—	45,933	—	82	46,015
Acquisitions through business combinations	7,888	207	3,446	342	11,883
Sales or disposals	(167)	(1,216)	—	(2)	(1,385)
Reclassification to assets held for sale	(111,940)	(7,640)	(13,578)	(5,003)	(138,161)
Foreign currency translation adjustment on foreign operations	4,541	1,246	1,189	690	7,666
Balance as at March 31, 2026	158,910	302,320	49,560	16,122	526,912

Accumulated amortization and impairment losses	Goodwill	Software	Customer relationship	Others	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at April 1, 2024	(12,554)	(100,513)	(23,607)	(6,341)	(143,015)
Sales or disposals	5	3,156	—	53	3,214
Amortization	—	(26,217)	(2,489)	(1,756)	(30,462)
Impairment losses	(2,472)	(781)	—	—	(3,253)
Foreign currency translation adjustment on foreign operations	—	684	1,451	353	2,488
Balance as at March 31, 2025	(15,021)	(123,671)	(24,645)	(7,691)	(171,028)
Sales or disposals	167	562	—	6	735
Amortization	—	(31,029)	(2,799)	(2,144)	(35,972)
Impairment losses	(4,707)	(6,499)	—	—	(11,206)
Reclassification to assets held for sale	—	6,993	13,578	3,812	24,383
Foreign currency translation adjustment on foreign operations	—	(943)	(827)	(243)	(2,013)
Balance as at March 31, 2026	(19,561)	(154,587)	(14,693)	(6,260)	(195,101)

Carrying amount	Goodwill	Software	Customer relationship	Others	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at March 31, 2025	243,567	140,119	33,858	12,322	429,866
Balance as at March 31, 2026	139,349	147,733	34,867	9,862	331,811

(2) Impairment losses for each business segment

The Group recognized impairment losses totaling ¥3,253 million and ¥11,206 million for the years ended March 31, 2025 and 2026, respectively, due to no expectation of initially expected profits, and recorded them in "Other expenses" in the consolidated statement of income. The breakdown of impairment losses by segment for the year ended March 31, 2025 was ¥621 million in the Financial Services Business, ¥113 million in the PE Investment Business, and ¥2,519 million in the Next Gen Business.

The breakdown of impairment losses by segment for the year ended March 31, 2026 was ¥8,798 million in the Financial Services Business, ¥73 million in the Asset Management Business, ¥1,068 million in the PE Investment Business, ¥424 million in the Crypto-asset Business, and ¥843 million in the Next Gen Business.

Impairment losses for the years ended March 31, 2025 and 2026 were recognized mainly on software and goodwill.

(3) Carrying amount of goodwill

Goodwill arising from business combinations is allocated to cash-generating units that are expected to benefit from the synergies of the business combination at the date of acquisition of the business.

Significant goodwill of the Group relates to SBI SECURITIES Co., Ltd. in the Financial Services Business, amounting to ¥24,910 million as at March 31, 2025 and 2026.

The recoverable amounts used for impairment test of goodwill and intangible assets are calculated based on the value in use. Value in use is the present value calculated by discounting the estimated cash flows based on the projection approved by management and a growth rate. The business plans are not longer than five years in principle, and reflect the management assessments of future industry trends and historical data based on the external and internal information. The growth rate is determined by considering the long-term average growth rate of the market or the country which the CGU belongs to. The growth rates used were up to a maximum of 2.0% as at March 31, 2025 and up to a maximum of 2.1% as at March 31, 2026. In addition, the discount rates used in measuring value in use ranged from 7.6% to 10.6% as at March 31, 2025 and from 7.6% to 9.9% as at March 31, 2026.

Any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

18. Assets Held for Sale and Liabilities Directly Associated with Assets Held for Sale

Assets held for sale and liabilities directly associated with assets held for sale as at March 31, 2025 and 2026, consisted of the following:

	As at March 31, 2025	As at March 31, 2026
	Millions of Yen	Millions of Yen
Assets held for sale		
Cash and cash equivalents	-	113,427
Trade and other receivables	-	1,081,437
Other financial assets	-	1,635
Other investment securities	-	111,442
Investments accounted for using the equity method	-	14,120
Property and equipment	183,328	294,478
Intangible assets	-	113,777
Other assets	1,906	7,134
Deferred tax assets	-	909
Total	185,234	1,738,359
Liabilities directly associated with assets held for sale		
Bonds and loans payable	132,607	212,855
Trade and other payables	-	10,575
Customer deposits for banking business	-	1,085,416
Income tax payable	-	1,141
Other financial liabilities	-	17,769
Provisions	-	3
Other liabilities	3,163	4,944
Total	135,770	1,332,703

Assets and liabilities held for sale for the year ended March 31, 2025 primarily related to property, plant and equipment held by funds investing in operating lease businesses for aircraft, vessels and other assets, and to borrowings from financial institutions.
The disposal of these assets and liabilities is expected to be completed within one year from the end of the reporting period.

As described in Note 38 "Events after the Reporting Period," assets and liabilities held for sale for the year ended March 31, 2026 primarily related to the assets and liabilities of SBI Savings Bank Co., Ltd., and to property, plant and equipment held by funds investing in operating lease businesses for aircraft, vessels and other assets, together with borrowings from financial institutions.
The disposal of these assets and liabilities is expected to be completed within one year from the end of the reporting period.

19. Deferred Tax Assets and Deferred Tax Liabilities

The following are the major deferred tax assets (liabilities) recognized and movements thereon during the years ended March 31, 2025 and 2026:

For the year ended March 31, 2025

	As at April 1, 2024	Recognized through profit or loss	Recognized through other comprehensive income	Change in scope of consolidation	Recognized directly in equity	As at March 31, 2025
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Deferred Tax Assets						
Debt instruments measured at FVTOCI	525	-	372	-	-	897
Financial assets measured at amortized cost	20,948	(1,139)	-	-	-	19,809
Lease liability	12,514	339	-	-	-	12,853
Property equipment and intangible assets	2,971	968	-	-	-	3,939
Enterprise tax payable	1,182	859	-	17	-	2,058
Tax loss carryforwards	8,435	(567)	-	-	-	7,868
Other	10,935	10,494	531	8	-	21,968
Total	57,510	10,954	903	25	-	69,392
Deferred Tax Liabilities						
Financial assets and liabilities measured at FVTPL	48,562	35,086	-	-	-	83,648
Equity instruments measured at FVTOCI	407	-	(176)	-	-	231
Investments accounted for using the equity method	10,247	(276)	-	-	-	9,971
Property equipment and intangible assets	23,473	3,663	-	800	-	27,936
Other	16,967	12,737	1,257	-	3,696	34,657
Total	99,656	51,210	1,081	800	3,696	156,443

For the year ended March 31, 2026

	As at April 1, 2025	Recognized through profit or loss	Recognized through other comprehensive income	Change in scope of consolidation	Recognized directly in equity	Reclassification to assets held for sale	As at March 31, 2026
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Deferred Tax Assets							
Debt instruments measured at FVTOCI	897	-	13,133	-	-	-	14,030
Financial assets measured at amortized cost	19,809	36,916	-	-	-	(4,495)	52,230
Lease liability	12,853	2,895	-	-	-	-	15,748
Property equipment and intangible assets	3,939	886	-	(13)	-	(4)	4,808
Enterprise tax payable	2,058	621	-	-	-	-	2,679
Tax loss carryforwards	7,868	(4,111)	-	(23)	-	-	3,734
Other	21,968	1,529	(1,416)	1,090	-	(2,482)	20,689
Total	69,392	38,736	11,717	1,054	-	(6,981)	113,918
Deferred Tax Liabilities							
Financial assets and liabilities measured at FVTPL	83,648	60,446	-	-	-	(3,475)	140,619
Equity instruments measured at FVTOCI	231	-	489	-	-	-	720
Investments accounted for using the equity method	9,971	(2,937)	-	-	-	-	7,034
Property equipment and intangible assets	27,936	1,139	-	1,106	-	(2,598)	27,583
Other	34,657	12,351	5,433	1,005	326	-	53,772
Total	156,443	70,999	5,922	2,111	326	(6,073)	229,728

In assessing the recoverability of the deferred tax assets, the Group considers the future taxable temporary differences, projected future taxable income, and tax planning strategies. Deductible temporary differences and tax loss carryforwards for which deferred tax assets have not been recognized are as follows:

	As at March 31, 2025	As at March 31, 2026
	Millions of Yen	Millions of Yen
Deductible temporary differences	509,217	448,412
Tax loss carryforwards	339,885	431,686
(of which: the carryforward period over 5 years)	256,113	360,647

The Group recognized deferred tax assets of ¥954 million and ¥753 million as at March 31, 2025 and 2026, respectively, associated with certain subsidiaries that had net losses during the years ended March 31, 2025 and 2026. The Group's management assessed that it is probable that tax credit carryforwards and deductible temporary differences will be utilized as the tax losses are not expected to arise on an ongoing basis.

As at March 31, 2025 and 2026, in principle, the Group did not recognize a deferred tax liability on the taxable temporary differences associated with investments in subsidiaries because the Group was in a position to control the timing of the reversal of the temporary differences and it was probable that such differences would not reverse in the foreseeable future. The amount of taxable temporary differences associated with investments in subsidiaries on which deferred tax liabilities were not recognized were ¥723,927 million and ¥867,534 million as at March 31, 2025 and 2026, respectively.

20. Bonds and Borrowings

(1) Details of bonds and borrowings

Bonds and borrowings as at March 31, 2025 and 2026, consisted of the following:

	As at March 31, 2025	As at March 31, 2026	Average interest rate (*1)	Due (*2)
	Millions of Yen	Millions of Yen	%	
Short-term loans payable	1,037,324	1,050,778	1.11	—
Current portion of long-term loans payable	124,542	84,983	3.20	—
Current portion of bonds payable	848,630	1,039,029	—	—
Long-term loans payable	262,568	303,268	2.32	2027 – 2058
Bonds payable	1,290,715	1,450,028	—	—
Borrowed money	2,157,609	3,082,036	0.78	2026 – 2049
Total	5,721,388	7,010,122		

Notes:

1. The average interest rate is calculated using the weighted average coupon rate of the outstanding balance as at March 31, 2026.
2. The due represents the repayment term of the outstanding balance as at March 31, 2026.

Details of the bonds were as follows:

Issuer and the name of bond	Date of issuance	As at March 31, 2025	As at March 31, 2026	Interest rate	Due
		Millions of Yen	Millions of Yen	%	
The Company Japanese yen straight bond (*1)	June 2023～ October 2025	129,943	119,824	1.28～ 1.72	June 2025～ October 2027
The Company Unsecured straight bond (*2)	June 2020～ January 2026	944,552	1,129,533	0.80～ 2.48	June 2025～ January 2031
The Company No.1 Unsecured straight bond (Inter-bond limited pari passu clause and split-restricted small private placement)	March 2023	6,981	6,985	1.20	October 2029
The Company No.2 Unsecured straight bond (Inter-bond limited pari passu clause and Qualified Institutional Investors-only offering)	January 2026	—	9,962	2.64	January 2032
The Company No.1 U.S. dollar-denominated bond	March 2024	14,953	—	—	March 2026
The Company No.2 U.S. dollar-denominated bond	October 2025	—	15,832	4.30	October 2027
The Company Euroyen convertible bonds (*3)	July 2024	90,122	91,634	—	July 2031
The Company No.1 Unsecured security token bond	March 2026	—	9,945	2.15	March 2029
The Company Short-term corporate bond (*4)	December 2024～ March 2026	39,964	3,997	0.61～ 0.90	April 2025～ June 2026
SBI SECURITIES Co., Ltd. Exchangeable bond (*1)	June 2018～ March 2026	107,986	111,314	0.73～ 4.09	April 2025～ June 2033
SBI SECURITIES Co., Ltd. Short-term corporate bond (*4)	January 2025～ March 2026	462,689	597,454	0.89～ 1.18	April 2025～ June 2026
SBI Shinsei Bank, Limited Japanese yen straight bond (*5)	July 2020	30,000	—	—	July 2025
APLUS Co., Ltd. Short-term corporate bond (*4)	January 2025～ March 2026	16,000	35,000	0.53～ 0.98	April 2025～ June 2026
Showa Leasing Co., Ltd. Short-term corporate bond (*4)	December 2024～ March 2026	66,000	70,500	0.42～ 1.33	April 2025～ June 2026
UDC Finance Limited Foreign currency secured bonds (*6)	September 2020～ November 2025	203,477	243,673	3.43～ 3.98	June 2030～ December 2037
Other bonds	March 2020～ March 2026	26,678	43,404	0.33～ 2.50	April 2025～ December 2030
Total		2,139,345	2,489,057		

Notes:

1. The aggregate amount issued based on euro medium term note program is stated above.
2. The aggregate amount of the 26th, 28th, 30th to 31st, and 33rd to 46th series of unsecured straight bonds is stated above.
3. The stock acquisition rights of Euroyen convertible bonds are recognized as embedded derivatives. The amount of the stock acquisition rights is separated from the host, measured at fair value, and recorded as capital surplus after tax effects.
4. The aggregate amount of short-term corporate bonds is stated above.
5. The 12th series of unsecured bonds with an inter-bond limited pari passu clause is included above.
6. The funds were raised in the bond market through the securitization of trade receivables via UDC Endeavour Equipment Finance Trust, UDC Endeavour Auto Finance Trust, UDC Endeavour Auto ABS Trust 2023-2, 2024-1 and 2025-2, and UDC Endeavour ABS Trust 2023-1 and 2025-1.

(2) Assets pledged as security

Assets pledged for liabilities and contingent liabilities were as follows:

	As at March 31, 2025	As at March 31, 2026
	Millions of Yen	Millions of Yen
Cash and cash equivalents	9,179	4,135
Trade and other accounts receivable	2,516,512	2,391,800
Inventories	43,695	35,352
Other investment securities	1,247,805	1,563,920
(of which: financial instruments pledged as collateral) (*1)	489,009	1,365,314
Investment properties	31,062	12,581
Property and equipment	19,172	18,232
Assets held for sale	137,570	218,616
Other assets	7,655	6,585
Total	4,012,650	4,251,221

Note: Collateral that the transferees are permitted to sell or repledge.

The corresponding liabilities were as follows:

	As at March 31, 2025	As at March 31, 2026
	Millions of Yen	Millions of Yen
Bonds and borrowings	1,867,591	2,360,469
Customer deposits for banking business	1,215	1,681
Other financial liabilities	805,777	1,263,185
Liabilities directly associated with assets held for sale	134,689	212,736
Other liabilities	15	2
Total	2,809,287	3,838,073

(3) Collateral received that can be sold or repledged

The Group accepts collateral in connection with securities received as substitutes for margin deposits and margin deposits payable related to securities lending transactions. These transactions are conducted in accordance with normal market practices and contractual terms. The Group has the right to sell or repledge the collateral received, provided that equivalent securities are returned upon completion of the transactions, regardless of whether or not the collateral provider defaults on its obligations.

As at March 31, 2025 and 2026, the fair value of securities received as collateral by the Group for which the Group had the right to sell or repledge amounted to ¥4,058,978 million and ¥5,375,529 million, respectively. Of these amounts, the fair value of securities that were sold or repledged amounted to ¥1,908,446 million and ¥2,870,792 million, respectively.

21. Trade and Other Payables

The components of trade and other payables were as follows:

	As at March 31, 2025	As at March 31, 2026
	Millions of Yen	Millions of Yen
Accounts payable and notes payable	57,985	55,207
Accounts payable-other	303,740	192,742
Advances received and guarantee deposit	336,732	485,850
Lease liability	51,301	59,760
Total	749,758	793,559

22. Liabilities Related to Securities Business

The components of liabilities related to the securities business were as follows:

	As at March 31, 2025	As at March 31, 2026
	Millions of Yen	Millions of Yen
Margin transaction liabilities	313,026	465,519
Loans payable secured by securities on repurchase agreement transactions	1,227,107	1,346,819
Deposits from customers	1,883,486	2,119,906
Guarantee deposits received	1,357,607	1,650,290
Trade date accrual	708,642	760,027
Trading products	233,209	202,678
Deposits for subscription	14,718	39,804
Total	5,737,795	6,585,043

23. Insurance Contracts

(1) Risk management system over insurance contracts

The Group engages in the insurance business such as life and casualty insurance and strives to accurately identify, analyze and assess as well as appropriately manage and administer risk relating to insurance contracts in order to secure management stability. The subsidiaries engaged in the insurance business have established a Risk Management Committee which strives to identify a wide range of risks associated with insurance contracts, and regularly and continuously reports to their respective board of directors, etc. about the risks to ensure the effectiveness of risk management. The Group's primary approach to risks relating to insurance contracts is as follows:

(a) Market risk management

Interest rate risk management

Considering the long-term nature of insurance liabilities in the life insurance business, which accounts for the majority of insurance contract liabilities, the Group invests principally in bonds. The Group also conducts asset and liability management (ALM) so that fluctuations in interest rates do not adversely affect.

Price fluctuation risk management

Regarding market risk management, the Group conducts risk management focusing on indices such as VaR (Value at Risk), which denotes the maximum loss amount expected due to market changes based on the confidence interval, and Basis Point Value (BPV), which denotes price fluctuations in the bond portfolio due to changes in the market interest rate, in addition to identifying risks based on methods outlined in economic value-based solvency regulations that will be introduced in the future.

(b) Conducting of stress testing

The Group regularly conducts stress testing assuming scenarios such as significant deterioration in the investment environment or the worsening of the incidence rate of insured accidents, in order to analyze the impact on financial soundness, and reports the results of stress testing to the Risk Management Committee, etc.

(c) Insurance underwriting risk

Regarding insurance underwriting risk, the department-in-charge of each company engaged in the insurance business determines its underwriting policies, and conducts risk control by managing the risk portfolio, reforming or abolishing products, establishing the underwriting standards, changing sales policies, designing and arranging reinsurance, etc.

(2) Insurance contract liabilities

(a) The reconciliations of insurance contract liabilities from the opening to the ending balances for the years ended March 31, 2025 and 2026 were as follows:

For the year ended March 31, 2025

	Liability for remaining coverage		Liability for incurred claims			Total
	Excluding loss component	Loss component	Contracts to which the PAA is not applied	Contracts to which the PAA is applied		
				Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at April 1, 2024	116,015	1,834	1,197	35,687	313	155,046
Insurance revenue	(96,584)	-	-	-	-	(96,584)
Insurance service expenses						
Incurred claims and other insurance service expenses	-	0	4,616	88,001	-	92,617
Amortization of insurance acquisition cash flows	1,431	-	-	-	-	1,431
Losses on onerous contracts and reversals of such losses	-	(559)	-	-	-	(559)
Adjustments to liabilities for incurred claims	-	-	-	(3,976)	57	(3,919)
Investment components and refunds of premiums	(3,458)	-	3,458	-	-	-
Insurance finance expenses (income)	(3,379)	0	-	-	-	(3,379)
Cash flows						
Premiums received	101,572	-	-	-	-	101,572
Claims and other insurance service expenses paid (including investment components)	-	-	(8,047)	(81,334)	-	(89,381)
Insurance acquisition cash flows	(2,841)	-	-	-	-	(2,841)
Balance as at March 31, 2025	112,756	1,275	1,224	38,378	370	154,003

For the year ended March 31, 2026

	Liability for remaining coverage		Liability for incurred claims			
				Contracts to which the PAA is applied		
	Excluding loss component	Loss component	Contracts to which the PAA is not applied	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at April 1, 2025	112,756	1,275	1,224	38,378	370	154,003
Insurance revenue	(108,303)	-	-	-	-	(108,303)
Insurance service expenses						
Incurred claims and other insurance service expenses	-	-	4,514	92,327	-	96,841
Amortization of insurance acquisition cash flows	1,729	-	-	-	-	1,729
Losses on onerous contracts and reversals of such losses	-	(327)	-	-	-	(327)
Adjustments to liabilities for incurred claims	-	-	-	(1,390)	59	(1,331)
Investment components and refunds of premiums	(3,936)	-	3,936	-	-	-
Insurance finance expenses (income)	2,094	(1)	-	-	-	2,093
Cash flows						
Premiums received	114,054	-	-	-	-	114,054
Claims and other insurance service expenses paid (including investment components)	-	-	(8,676)	(90,908)	-	(99,584)
Insurance acquisition cash flows	(2,965)	-	-	-	-	(2,965)
Balance as at March 31, 2026	115,429	947	998	38,407	429	156,210

(b) The reconciliations of component of insurance contract liabilities for contracts to which the PAA is not applied from the opening to the ending balances for the years ended March 31, 2025 and 2026 were as follows:

	For the year ended March 31, 2025			For the year ended March 31, 2026		
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Balance, beginning of year	59,230	6,329	13,793	51,952	5,837	14,538
Changes that relate to current service						
CSM recognized for services	-	-	(1,119)	-	-	(1,717)
Change in risk adjustment for non-financial risk for risk expired	-	(358)	-	-	(359)	-
Experience adjustments	(63)	-	-	(338)	-	-
Changes that relate to future service						
Contracts initially recognized in the year	(1,826)	760	1,064	(2,468)	614	1,854
Changes in estimates that adjust CSM	(302)	(484)	786	(11,825)	(379)	12,204
Losses on onerous contracts and reversals of such losses	(83)	-	-	-	-	-
Insurance finance expenses (income)	(2,982)	(410)	14	2,582	(534)	45
Cash flows	(2,022)	-	-	(1,900)	-	-
Balance, ending of year	51,952	5,837	14,538	38,003	5,179	26,924

(c) Significant accounting estimates and judgments related to the measurement of insurance contracts

(i) Components of fulfilment cash flows

Fulfilment cash flows consist of the following:

- estimates of future cash flows
- an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows
- a risk adjustment for non-financial risk

(ii) Estimates of future cash flows

The objective of the Group's estimation of future cash flows is to calculate the expected value of a range of scenarios that reflect the full range of possible outcomes. The cash flows resulting from each scenario are discounted to calculate the expected present value and weighted by the estimated probability of that outcome.

In estimating future cash flows, the Group incorporates, in an unbiased manner, all reasonable and supportable information available at the reporting date without undue cost or effort. This information includes internal and external historical data on claims and other performance and is updated to reflect current expectations about future events.

In estimating future cash flows, key inputs, mortality and morbidity assumptions, are typically established by combining data from national life tables, industry trends, and recent actual results. Actual results are measured through periodic surveys, the results of which are reflected in both the setting of rates for new products and the measurement of existing insurance contracts.

(iii) Discount rates

Cash flows are discounted using a yield curve adjusted to reflect the relevant cash flow characteristics and the liquidity characteristics of the insurance contracts. The yield curve is calculated based on observable market data, such as government bonds, by interpolating between the latest available market data and terminal forward rates, taking into account long-term real interest rates and inflation expectations.

The yield curves used to discount the cash flows of insurance contracts are as follows:

For the year ended March 31, 2025

	1 year	5 years	10 years	15 years	20 years	30 years
JPY	0.687%	1.261%	1.694%	2.178%	2.490%	2.830%

For the year ended March 31, 2026

	1 year	5 years	10 years	15 years	20 years	30 years
JPY	1.199%	1.918%	2.524%	3.188%	3.653%	4.139%

Net cash outflows by due period resulting from recognized insurance liabilities are as follows. Net cash outflow amount does not include the liability for the remaining coverage measured by the PAA:

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Insurance contract liabilities	16,850	9,246	4,991	4,632	3,034	51,647	90,400

(d) Sensitivity to insurance risk

In the life insurance business, the Group records insurance contract liabilities by estimating the present value of all cash flows generated from insurance contracts using the prerequisite conditions at initial recognition.

The prerequisite conditions include discount rates (interest rates), mortality rates, morbidity rates, renewal rates, business expenses and commission, etc. In the case where increases in mortality rates, morbidity rates, business expenses and commission are expected, future net income and equity are expected to decrease due to the increase in future cash outflows.

The impact of modifying the prerequisite conditions on insurance contract liabilities, profit or loss, and equity is not expected to be material.

(3) Concentration of insurance risk

The Group is not exposed to excessively concentrated insurance risk since the insurance contract portfolios are dispersed geographically throughout Japan.

(4) Comparison between actual claims and previous estimates (i.e., claims development)

The claims development of the insurance business is as follows:

	Accident year					
	2021	2022	2023	2024	2025	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
At end of accident year	30,193	34,818	37,189	40,687	43,016	185,903
1 year later	28,081	32,182	35,597	39,622	-	135,482
2 year later	27,383	31,363	34,737	-	-	93,483
3 year later	26,882	31,184	-	-	-	58,066
4 year later	27,083	-	-	-	-	27,083
Estimate of cumulative claims	27,083	31,184	34,737	39,622	43,016	175,642
Less: Cumulative payments to date	25,672	29,589	31,338	33,650	25,686	145,935
Undiscounted future cash outflows	1,411	1,595	3,399	5,972	17,330	29,707
Others						10,127
Liabilities for incurred claims						39,834

24. Lease

(1) Lease as lessee

The Group leases mainly office buildings, stores, and servers for online transaction systems and certain other assets under operating leases. There were no lease contracts which include residual value guarantees and no significant lease contracts for which leases have not yet commenced as at March 31, 2026 to which the lessee is committed.

The lease expenses and the total cash outflow for leases are as follows.

	For the year ended March 31, 2025	For the year ended March 31, 2026
	Millions of Yen	Millions of Yen
Depreciation charge for right-of-use assets		
Buildings	10,807	11,770
Furniture and fixtures	303	456
Machinery and equipment	25	25
Land	98	48
Software	384	271
Others	826	392
Total	12,443	12,962
Interest expense on lease liabilities	701	1,427
Expense relating to short-term lease and lease of low-value assets	9,599	10,301
Total cash outflow for leases	24,242	23,812

(2) Lease as lessor

The Group leases mainly buildings, land, machinery and equipment, and computerized office equipment.

The maturity analysis of lease receivables is as follows:

	As at March 31, 2025	
	Undiscounted lease income	Net investment in the lease
	Millions of Yen	Millions of Yen
No later than 1 year	76,232	71,471
1 to 2 years	63,010	59,818
2 to 3 years	48,420	45,000
3 to 4 years	37,529	34,349
4 to 5 years	28,156	25,744
Over 5 years	30,786	26,249
Total	284,133	262,631
Unearned financial income	(27,658)	
Discounted unguaranteed residual value	6,156	
Net investment in the lease	262,631	

Financial income on net investment in the lease amounted to ¥10,849 million for the year ended March 31, 2025.

	As at March 31, 2026	
	Undiscounted lease income	Net investment in the lease
	Millions of Yen	Millions of Yen
No later than 1 year	81,851	77,311
1 to 2 years	68,134	62,507
2 to 3 years	57,700	53,250
3 to 4 years	46,640	43,253
4 to 5 years	30,601	27,984
Over 5 years	36,197	30,802
Total	321,123	295,107
Unearned financial income	(33,152)	
Discounted unguaranteed residual value	7,136	
Net investment in the lease	295,107	

Financial income on net investment in the lease amounted to ¥12,597 million for the year ended March 31, 2026.

The maturity analysis of lease income related to operating leases is as follows:

	As at March 31, 2025	As at March 31, 2026
	Millions of Yen	Millions of Yen
No later than 1 year	8,712	8,687
1 to 2 years	7,026	6,135
2 to 3 years	5,139	4,328
3 to 4 years	3,493	3,215
4 to 5 years	2,520	2,272
Over 5 years	5,741	5,111
Total	32,631	29,748

Lease income from operating lease contracts amounted to ¥15,617 million and ¥19,168 million for the years ended March 31, 2025 and 2026, respectively.

The Group enters into finance leases and operating leases with a residual value at the end of the lease term for properties that are expected to have good second-hand value. These transactions are subject to the risk that the sales price of the leased property returned at the end of the lease term will be less than the residual value set at the beginning of the lease term. The Company regularly monitors this risk and measures the amount of risk, and also strives to minimize the risk by accumulating resale know-how in the second-hand market.

25. Provisions

The movement of provisions is as follows:

	Asset retirement obligations	Reserve for losses on interest repayment	Total
	Millions of Yen	Millions of Yen	Millions of Yen
As at April 1, 2024	12,624	24,229	36,853
Recognition of provisions	1,620	501	2,121
Used	(1,083)	(4,197)	(5,280)
Increase in value	102	-	102
Others	(25)	-	(25)
As at March 31, 2025	13,238	20,533	33,771
Recognition (reversal) of provisions	897	(565)	332
Used	(1,519)	(2,804)	(4,323)
Increase in value	108	-	108
Others	1,256	(1,940)	(684)
As at March 31, 2026	13,980	15,224	29,204

Asset retirement obligations mainly relate to expenses for restoration obligations for leased offices, etc., and the timing of expenditure is affected by future business plans and other factors.
Reserve for losses on interest repayment is recorded in the amount necessary to prepare for the repayment amount (loss) arising from a claim for repayment of interest received from a debtor that exceeds the upper limit of the Interest Rate Restriction Act by a money lender operating at a lending interest rate that exceeds the upper limit of the Interest Rate Restriction Act and is below the upper limit of the so-called Investment Act. The payment is made when the debtor makes a claim for repayment.

26. Employee Benefits

Certain companies in the Group have defined contribution pension plans. Pension costs related to the defined contribution plans recognized for the years ended March 31, 2025 and 2026 were not material.

Certain companies in the Group have funded and unfunded defined benefit plans and lump-sum retirement benefit plans. The benefit amounts under the defined benefit plans are set based on the rate of payment at the time of retirement, years of service, final salary before retirement, and other conditions.

The net changes recognized in the consolidated statement of financial position with respect to the defined benefit plan obligations and plan assets for the years ended March 31, 2025 and 2026 consisted of the following:

	For the year ended March 31, 2025	For the year ended March 31, 2026
	Millions of Yen	Millions of Yen
Change in present value of defined benefit plan obligations		
Balance, beginning of year	(89,534)	(81,233)
Effect of business combinations and disposals	(145)	273
Service cost	(3,698)	(3,205)
Interest cost	(1,476)	(1,869)
Actuarial gains and losses (*1)	8,217	7,047
Benefits paid	5,403	4,635
Balance, end of year	(81,233)	(74,352)
Change in fair value of plan assets		
Balance, beginning of year	112,177	110,332
Interest income	1,908	2,622
Income related to plan assets (excluding interest income)	(2,047)	6,344
Employer contributions	3,009	2,987
Benefits from plan assets	(4,715)	(4,535)
Balance, end of year	110,332	117,750
Effect of the asset ceiling	(30,873)	(45,341)
Net amount recognized in the consolidated statement of financial position	(1,774)	(1,944)

Note: Actuarial gains and losses on defined benefit plan obligations arise primarily due to changes in financial assumptions.

Significant actuarial assumptions used to determine the present value of the defined benefit plan obligations

The assumptions used in measuring the defined benefit plan obligations as at March 31, 2025 and 2026 were as follows:

	As at March 31, 2025	As at March 31, 2026
	%	%
Discount rate	1.90－2.48	2.80－3.48
Rate of increase in future compensation levels	1.80－6.00	2.32－5.80

Sensitivity to significant actuarial assumptions
A decrease of 0.5% and an increase of 0.5% in the discount rate for the defined benefit plan obligations as at March 31, 2026 would be expected to increase the defined benefit plan obligations by ¥3,964 million and decrease them by ¥3,578 million, respectively. This analysis assumes that all other variables remain constant, but in reality only the discount rate may not vary independently.

The fair values of the main categories of plan assets as at March 31, 2025 and 2026 are as follows:

	As at March 31, 2025	As at March 31, 2026
	Millions of Yen	Millions of Yen
Plan assets that have a quoted market price in an active market		
Cash and cash equivalents	8,132	2,184
Japanese equity securities	4,395	5,175
Global equity securities	4,241	5,328
Japanese debt	11,450	14,037
Global debt	4,798	6,102
Other assets (*1)	-	2,446
Total	33,016	35,272
Plan assets that do not have a quoted market price in an active market		
Japanese equity securities	12,466	14,903
Global equity securities	14,646	14,265
Japanese debt	15,856	16,561
Global debt	9,830	10,767
Insurance assets (general account)	17,329	18,855
Other assets (*1)	7,189	7,127
Total	77,316	82,478

Note: Other assets include mainly alternative investment products.

The Group expects to contribute ¥3,125 million to its defined contribution plan in the next fiscal year.
The main investment policy of the defined benefit pension plans is to secure the required comprehensive return on plan assets over the long term under an acceptable level of risk in order to ensure the future provision of benefits to participants and beneficiaries and at the same time to stabilize the contribution burden. To this end, the investment policy is based on the policy asset mix, which is the optimal combination for the future, and the allowable range of deviation based on ALM analysis, etc. The plan aims to maintain a diversified asset allocation among stocks, bonds, alternative products, etc. based on the policy asset mix. In addition, in order to manage the risk of the plan's asset management, when the asset mix temporarily deviates from the policy asset mix due to fluctuations in market values, etc., the plan will rebalance the asset mix.
The weighted average duration of the defined benefit plan obligations as at March 31, 2026 was 11.5 years.

27. Capital Stock and Other Equity Items

(1) Capital stock and treasury stock

The number of shares authorized for issuance was 544,661,000 shares as at March 31, 2025. In addition, as a result of a stock split with an effective date of December 1, 2025, the number of shares authorized for issuance as at March 31, 2026 increased to 1,089,322,000 shares.

The Company's issued shares were as follows:

	For the year ended March 31, 2025	For the year ended March 31, 2026
	Shares	Shares
Number of issued shares (common shares with no par value)		
As at the beginning of the year	301,889,807	303,056,907
Increase during the year	1,167,100	358,065,707
As at the end of the year	303,056,907	661,122,614

Notes:

1. The increase during the fiscal year ended March 31, 2025 consisted of 1,167,100 shares issued upon the exercise of stock acquisition rights granted as stock options.
2. The Company conducted a stock split at a ratio of two shares for each share of common stock, with an effective date of December 1, 2025.
3. The increase during the year ended March 31, 2026 consisted of 330,361,807 shares from the stock split, 27,000,000 shares from the issuance of new shares, and 703,900 shares issued upon the exercise of stock acquisition rights granted as stock options.

The Company's treasury stock included in the above issued shares was as follows:

	For the year ended March 31, 2025	For the year ended March 31, 2026
	Shares	Shares
Number of treasury stock		
As at the beginning of the year	30,696	32,768
Increase during the year	2,532	14,727,718
Decrease during the year	(460)	(270)
As at the end of the year	32,768	14,760,216

Notes:

1. The increase of 2,532 shares during the year ended March 31, 2025 related to the purchase of shares from shareholders with less than one unit of shares.
2. The decrease of 460 shares during the year ended March 31, 2025 related to the sale of shares to shareholders with less than one unit of shares.
3. The Company conducted a stock split at a ratio of two shares for each share of common stock, with an effective date of December 1, 2025.
4. The increase of 14,727,718 shares during the year ended March 31, 2026 consisted of 14,690,200 shares acquired as treasury shares pursuant to resolutions of the Board of Directors, 34,354 shares from the stock split, and 3,164 shares related to the purchase of shares from shareholders with less than one unit of shares.
5. The decrease of 270 shares during the year ended March 31, 2026 related to the sale of shares to shareholders with less than one unit of shares.

(2) Reserves

(a) Capital surplus

Capital surplus of the Group includes additional paid-in capital of the Company, which is legal capital surplus.

Under the Companies Act of Japan ("the Companies Act"), at least 50% of the proceeds of certain issues of common shares shall be credited to common stock. The remainder of the proceeds shall be credited to additional paid-in capital. The Companies Act permits, upon approval of the shareholders meeting, the transfer of amounts from additional paid-in capital to common stock.

(b) Retained earnings

Retained earnings of the Group include the reserve of the Company, which is legal retained earnings.

The Companies Act provides that a 10% dividend of retained earnings shall be appropriated as additional paid-in capital or as legal retained earnings until the aggregate amount of capital surplus and statutory reserve reaches 25% of common stock. The legal retained earnings may be used to eliminate or reduce a deficit or be transferred to retained earnings upon approval of the shareholders meeting.

(3) Other components of equity

The movements of other component of equity were as follows:

	Other components of equity							
	Currency	Equity	Debt	Fluctuations	Cash flow	Changes in	Remeasure-	Total
	Millions	Millions	Millions	Millions	Millions	Millions	Millions	Millions
Balance as at	134,080	(1,708)	(6,368)	1,694	(2,296)	324	–	125,726
Change for	(56,476)	(921)	(6,607)	1,496	601	400	3,155	(58,352)
Transfer to	–	(1,619)	–	–	–	–	(3,155)	(4,774)
Balance as at	77,604	(4,248)	(12,975)	3,190	(1,695)	724	–	62,600
Change for	71,250	2,215	855	1,176	1,340	(721)	255	76,370
Transfer to	–	5,522	–	–	–	–	(255)	5,267
Balance as at	148,854	3,489	(12,120)	4,366	(355)	3	–	144,237

28. Dividends

Dividends paid were as follows:

Year ended March 31, 2025

	Type of share	Dividend amount (Millions of Yen)	Amount per share (Yen)	Record date	Effective date
Board of Directors' Meeting on May 10, 2024	Common shares	39,242	130 (*1)	March 31, 2024	June 7, 2024
Board of Directors' Meeting on November 8, 2024	Common shares	9,081	30	September 30, 2024	December 16, 2024

(*1) The per-share dividend of 130 yen consists of common dividend of 120 yen and commemorative dividend of 10 yen for the 25th anniversary of the foundation of the Company.

Year ended March 31, 2026

	Type of share	Dividend amount (Millions of Yen)	Amount per share (Yen)	Record date	Effective date
Board of Directors' Meeting on May 9, 2025	Common shares	42,423	140	March 31, 2025	June 9, 2025
Board of Directors' Meeting on October 31, 2025	Common shares	13,211	40	September 30, 2025	December 15, 2025

The Company conducted a stock split at a ratio of two shares for each share of common stock, effective December 1, 2025. For "dividends per share" with a record date on or before November 30, 2025, the actual amount of dividends before the stock split is presented.

Dividends for which the record date fell in the year ended March 31, 2026, and for which the effective date will be in the year ending March 31, 2027, are as follows:

	Type of share	Dividend amount (Millions of Yen)	Amount per share (Yen)	Record date	Effective date
Board of Directors' Meeting on May 1, 2026	Common shares	48,477	75	March 31, 2026	June 8, 2026

29. Share-based Payment

The Company and certain of its subsidiaries have share-based compensation plans for their directors or employees. The share-based compensation plans are granted to persons based on the terms approved by the shareholders meeting and board of directors of the Company or the subsidiaries.

Share-based compensation expense recognized during the years ended March 31, 2025 and 2026 amounted to ¥506 million and ¥279 million, respectively, and is included in "Selling, general and administrative expenses".

Equity-settled share-based compensation plan ("Stock option")

Vesting conditions of the stock options include completion of a specified period of service, and accomplishment of the IPO and holding their positions as directors or employees until the accomplishment of the IPO. Also, certain of the stock options vest upon receipt of cash from the directors or employees for the price equivalent to their fair value.

The outline of the stock option plans of the Group is as follows:

① The Company

The outline of the Company's stock option plan is as follows:

	For the year ended March 31, 2025		For the year ended March 31, 2026	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
	Shares	Yen	Shares	Yen
Beginning balance	7,847,200	1,071	4,182,200	1,154
Granted	—	—	6,388,200	3,269
Exercised	(2,334,200)	1,056	(1,008,800)	1,154
Forfeited	(1,330,800)	835	—	—
Ending balance	4,182,200	1,154	9,561,600	2,567

Notes

1. Weighted average stock prices upon exercise of stock options for the years ended March 31, 2025 and 2026 were ¥1,875 and ¥3,128, respectively.
2. The Company conducted a stock split at a ratio of two shares for each share of common stock, effective December 1, 2025. The number of shares, weighted average exercise price and weighted average share price have been calculated assuming that the stock split had been conducted at the beginning of the prior fiscal year.
3. During the year ended March 31, 2026, the Company granted stock options comprising 3,138,000 shares under the 2025 First Series of Stock Acquisition Rights and 3,250,200 shares under the 2025 Second Series.

   The fair value per option of the 2025 First Series of Stock Acquisition Rights was ¥15,000 (with each option entitling the holder to acquire 200 shares of the Company's common stock). Monte Carlo simulation was used to estimate the fair value of the stock options. The assumptions used in the Monte Carlo simulation for the granted stock options are as follows.

Share price at the valuation date	:	3,170 Yen	Expected remaining life	:	4.8 Years
Exercise price	:	3,170 Yen	Dividend yield	:	2.68%
Expected volatility	:	28.38%	Risk-free interest rate	:	1.26%

The fair value per option of the 2025 Second Series of Stock Acquisition Rights was ¥103,676 (with each option entitling the holder to acquire 100 shares of the Company's common stock). Black-Scholes model was used to estimate the fair value of the stock options. The assumptions used in the Black-Scholes model for the granted stock options are as follows.

Share price at the grant date	:	3,482 Yen	Expected remaining life	:	6.1 Years
Exercise price	:	3,365 Yen	Dividend yield	:	2.44%
Expected volatility	:	36.44%	Risk-free interest rate	:	1.83%

The unexercised stock options as at March 31, 2026 are as follows:

Name	Exercise price	Number of shares	Exercise period
	Yen	Shares	
2020 Second Stock Acquisition Rights	1,154	3,173,400	July 3, 2023～ September 29, 2028
2025 First Stock Acquisition Rights	3,170	3,138,000	July 2, 2029～ September 30, 2030
2025 Second Stock Acquisition Rights	3,365	3,250,200	July 2, 2029～ September 29, 2034

② Subsidiaries

The outline of the Company's subsidiaries' stock option plans is as follows.

a-1 SBI Biotech Co., Ltd.

	For the year ended March 31, 2025		For the year ended March 31, 2026	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
	Shares	Yen	Shares	Yen
Beginning balance	5,600	79,545	5,600	79,545
Change	—	—	—	—
Ending balance	5,600	79,545	5,600	79,545

Note: Of the remaining stock options as at March 31, 2026, 100 shares were granted before November 7, 2002 thus, the Group did not apply IFRS 2 "Share-based Payment". The exercise period is two years and six months from six months after the date of the IPO.

a-2 SBI Leasing Service Co., Ltd.

	For the year ended March 31, 2025		For the year ended March 31, 2026	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
	Shares	Yen	Shares	Yen
Beginning balance	328,000	2,250	456,500	2,602
Granted	230,500	2,948	—	—
Exercised	(102,000)	2,250	(84,800)	2,250
Ending balance	456,500	2,602	371,700	2,683

Notes:

1. The weighted average remaining life of the stock options as at March 31, 2026 was 2.8 years.
2. Stock options granted during the year ended March 31, 2025 consisted of 79,000 shares under the Fourth Series of Stock Acquisition Rights and 151,500 shares under the Fifth Series of Stock Acquisition Rights.

   The fair value per option of the Fourth Series of Stock Acquisition Rights was ¥75,700 (with each option entitling the holder to acquire 100 shares of SBI Leasing Service Co., Ltd.'s common stock). Black-Scholes model was used to estimate the fair value of the stock options. The assumptions used in the Black-Scholes model for the granted stock options are as follows.

Share price at the grant date	:	2,871 Yen	Expected remaining life	:	3.4 Years
Exercise price	:	2,948 Yen	Dividend yield	:	3.48%
Expected volatility	:	47.56%	Risk-free interest rate	:	0.39%

   The fair value per option of the Fifth Series of Stock Acquisition Rights was ¥79,600 (with each option entitling the holder to acquire 100 shares of SBI Leasing Service Co., Ltd.'s common stock). Black-Scholes model was used to estimate the fair value of the stock options. The assumptions used in the Black-Scholes model for the granted stock options are as follows.

Share price at the grant date	:	2,871 Yen	Expected remaining life	:	3.9 Years
Exercise price	:	2,948 Yen	Dividend yield	:	3.48%

Expected volatility	:	47.78%	Risk-free interest rate	:	0.42%

3. The Fourth Series of Stock Acquisition Rights are subject to a vesting condition that the cumulative amount of ordinary income reported in the consolidated statements of profit or loss of the subsidiary for the fiscal years from the year ended March 31, 2025 to the year ended March 31, 2027 exceeds ¥17.5 billion.

a-3 SBI ARUHI Co.

	For the year ended March 31, 2025		For the year ended March 31, 2026	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
	Shares	Yen	Shares	Yen
Beginning balance	562,200	1,577	310,200	1,335
Granted	—	—	1,265,800	843
Exercised	(47,500)	562	(44,000)	572
Forfeited	(204,500)	2,180	(41,800)	876
Ending balance	310,200	1,335	1,490,200	952

Notes:

1. The weighted-average remaining life of the stock options as at March 31, 2026 was 8.3 years.
2. Weighted average stock prices of stock options upon exercise for the years ended March 31, 2025 and 2026 were ¥856 and ¥871, respectively.
3. Stock options granted during the year ended March 31, 2026 consisted of 633,100 shares under the 12th Series of Stock Acquisition Rights and 632,700 shares under the 13th Series of Stock Acquisition Rights.

The fair value per option of the 12th Series of Stock Acquisition Rights was ¥1,200 (with each option entitling the holder to acquire 100 shares of SBI ARUHI Co.'s common stock). Monte Carlo simulation was used to estimate the fair value of the stock options. The assumptions used in the Monte Carlo simulation for the granted stock options are as follows.

Share price at the valuation date	:	838 Yen	Expected remaining life	:	10 Years
Exercise price	:	843 Yen	Dividend yield	:	4.77%
Expected volatility	:	40.87%	Risk-free interest rate	:	1.58%

The fair value per option of the 13th Series of Stock Acquisition Rights was ¥19,400 (with each option entitling the holder to acquire 100 shares of SBI ARUHI Co.'s common stock). Black-Scholes model was used to estimate the fair value of the stock options. The assumptions used in the Black-Scholes model for the granted stock options are as follows.

Share price at the valuation date	:	838 Yen	Expected remaining life	:	6.6 Years
Exercise price	:	843 Yen	Dividend yield	:	4.77%
Expected volatility	:	39.46%	Risk-free interest rate	:	1.24%

4. The 12th Series of Stock Acquisition Rights and the 13th Series of Stock Acquisition Rights are subject to a vesting condition whereby the rights will vest if the profit before income tax reported in the audited consolidated statement of profit or loss included in the Annual Securities Report (Yuka Shoken Hokokusho) of the subsidiary exceeds ¥7,745 million in any of the fiscal years from the year ended March 31, 2026 to the year ended March 31, 2030.

a-4 SBI Digital Markets Pte. Ltd.

	For the year ended March 31, 2025		For the year ended March 31, 2026	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
	Shares	SGD	Shares	SGD
Beginning balance	560,000	7.40	560,000	7.40
Forfeited	–	–	(490,000)	6.74
Ending balance	560,000	7.40	70,000	11.96

Note: The weighted average remaining life of the stock options as at March 31, 2026 was 8 years, and the stock options were not vested as at March 31, 2026.

a-5 SBI Shinsei Bank, Limited

	For the year ended March 31, 2026	
	Number of shares	Weighted average exercise price
	Shares	Yen
Beginning balance	–	–
Granted	8,454,200	1,153
Forfeited	(62,200)	1,153
Ending balance	8,392,000	1,153

Notes:

1. The weighted average remaining life of the stock options as at March 31, 2026 was 4.5 years.
2. Stock options granted during the year ended March 31, 2026 consisted of 1,732,900 shares under the First Series of Stock Acquisition Rights and 6,659,100 shares under the Second Series of Stock Acquisition Rights.

The fair value per option of the First Series of Stock Acquisition Rights was ¥500 (with each option entitling the holder to acquire 100 shares of SBI Shinsei Bank, Limited's common stock). Monte Carlo simulation based on a binomial model was used to estimate the fair value of the stock options. The assumptions used in the Monte Carlo simulation based on a binomial model for the granted stock options are as follows.

Share price at the valuation date	:	1,153 Yen	Expected remaining life	:	5 Years
Exercise price	:	1,153 Yen	Dividend yield	:	4.35%
Expected volatility	:	31.01%	Risk-free interest rate	:	1.23%

The fair value per option of the Second Series of Stock Acquisition Rights was ¥23,100 (with each option entitling the holder to acquire 100 shares of SBI Shinsei Bank, Limited's common stock). Binomial model was used to estimate the fair value of the stock options. The assumptions used in the binomial model for the granted stock options are as follows.

Share price at the valuation date	:	1,153 Yen	Expected remaining life	:	5 Years
Exercise price	:	1,153 Yen	Dividend yield	:	4.35%
Expected volatility	:	31.01%	Risk-free interest rate	:	1.23%

3. The First Series of Stock Acquisition Rights is subject to a vesting condition whereby the rights will vest if the profit before income tax reported in the audited consolidated statement of profit or loss, after deducting any gain or loss on liquidation of a subsidiary, included in the Annual Securities Report (Yuka

Shoken Hokokusho) of the subsidiary exceeds ¥131,500 million in any of the fiscal years from the year ended March 31, 2027 to the year ended March 31, 2029.

a-6 SBI Insurance Group Co., Ltd.

For the year ended March 31, 2026

	Number of shares	Weighted average exercise price
	Shares	Yen
Beginning balance	–	–
Granted	1,192,900	2,250
Forfeited	(1,000)	2,069
Ending balance	1,191,900	2,250

Notes:

1. The weighted average remaining life of the stock options as at March 31, 2026 was 5.8 years.
2. Stock options granted during the year ended March 31, 2026 consisted of 600,000 shares under the 2026 First Series of Stock Acquisition Rights and 592,900 shares under the 2026 Second Series of Stock Acquisition Rights.

The fair value per option of the 2026 First Series of Stock Acquisition Rights was ¥35,200 (with each option entitling the holder to acquire 100 shares of SBI Insurance Group Co., Ltd.'s common stock). Black-Scholes model was used to estimate the fair value of the stock options. The assumptions used in the Black-Scholes model for the granted stock options are as follows.

Share price at the grant date	:	2,069 Yen	Expected remaining life	:	4.52 Years
Exercise price	:	2,429 Yen	Dividend yield	:	1.11%
Expected volatility	:	27.21%	Risk-free interest rate	:	1.68%

The fair value per option of the 2026 Second Series of Stock Acquisition Rights was ¥46,900 (with each option entitling the holder to acquire 100 shares of SBI Insurance Group Co., Ltd.'s common stock). Black-Scholes model was used to estimate the fair value of the stock options. The assumptions used in the Black-Scholes model for the granted stock options are as follows.

Share price at the grant date	:	2,069 Yen	Expected remaining life	:	4.52 Years
Exercise price	:	2,069 Yen	Dividend yield	:	1.11%
Expected volatility	:	27.21%	Risk-free interest rate	:	1.68%

30. Revenue

Revenue for the years ended March 31, 2025 and 2026 consisted of the following:

	For the year ended March 31, 2025	For the year ended March 31, 2026
	Millions of yen	Millions of yen
Revenue		
Financial income		
Interest income		
Income arising from financial assets measured at amortized cost (*1)	510,942	620,541
Income arising from debt instruments measured at FVTOCI (*2)	16,581	19,108
Income arising from financial assets measured at FVTPL	207,870	163,132
Income arising from financial liabilities designated at FVTPL	7,880	13,969
Others	60,822	72,709
Total financial income	804,095	889,459
Insurance revenue	96,584	108,303
Revenue from contracts with customers		
Revenue from rendering of services	226,306	262,828
Revenue from sales of goods	107,371	148,380
Others (*3)	209,377	487,637
Total revenue	1,443,733	1,896,607

Notes:

1. The amount mainly consists of interest income arising from bonds held in the banking business and from loans receivable in the banking and securities businesses.
2. The amount mainly consists of interest income arising from bonds in the banking and insurance businesses.
3. The amount includes a gain of ¥141,601 million on the sale of shares in an associate in connection with the transfer of shares of SBI Sumishin Net Bank, Ltd. during the fiscal year ended March 31, 2026.

(1) Disaggregation of revenue

Revenue from contracts with customers for the years ended March 31, 2025 and 2026 consisted of the following. Revenue from rendering of services mainly includes financial advisory fees and agency fees related to investment trusts in the securities business. Revenue from sales of goods includes revenue arising from the sale of real estate, aircraft, pharmaceutical products, and supplements.

For the year ended March 31, 2025

	Financial Services Business	Asset Management Business	PE Investment Business	Crypto-asset Business	Next Gen Business	Total	Elimination or Corporate	Consolidated Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Revenue from contracts with customers								
Revenue from rendering of services	183,306	34,223	14,339	558	9,078	241,504	(15,198)	226,306
Revenue from sales of goods	77,534	-	13,148	-	17,082	107,764	(393)	107,371
Total	260,840	34,223	27,487	558	26,160	349,268	(15,591)	333,677

For the year ended March 31, 2026

	Financial Services Business	Asset Management Business	PE Investment Business	Crypto-asset Business	Next Gen Business	Total	Elimination or Corporate	Consolidated Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Revenue from contracts with customers								
Revenue from rendering of services	211,934	39,725	16,202	994	12,122	280,977	(18,149)	262,828
Revenue from sales of goods	120,469	-	10,608	-	17,668	148,745	(365)	148,380
Total	332,403	39,725	26,810	994	29,790	429,722	(18,514)	411,208

(2) Contract balance

The balance of trade receivables from contract with customers and contract liabilities were as follows:

	Balance as at April 1, 2024	Balance as at March 31, 2025
	Millions of Yen	Millions of Yen
Trade receivables from contract with customers	16,493	23,213
Contract liabilities	5,326	8,759

	Balance as at April 1, 2025	Balance as at March 31, 2026
	Millions of Yen	Millions of Yen
Trade receivables from contract with customers	23,213	45,236
Contract liabilities	8,759	10,272

Contract liabilities consist primarily of the balance of annual membership fee income in the card business for which the performance obligation has not been satisfied as of the end of the period.

Of the revenues recognized during the years ended March 31, 2025 and 2026, ¥5,326 million and ¥8,759 million were included in the balance of contract liabilities as at April 1, 2024 and 2025, respectively.

31. Expense

Expense for the years ended March 31, 2025 and 2026 consisted of the following:

(1) Financial cost associated with financial income

	For the year ended March 31, 2025	For the year ended March 31, 2026
	Millions of Yen	Millions of Yen
Financial cost associated with financial income		
Interest expense		
Financial liabilities measured at amortized cost	(195,510)	(284,781)
Total financial cost associated with financial income	(195,510)	(284,781)

(2) Operating cost

	For the year ended March 31, 2025	For the year ended March 31, 2026
	Millions of Yen	Millions of Yen
Payroll	(16,441)	(11,541)
Outsourcing fees	(89,613)	(122,743)
Depreciation and amortization	(15,054)	(18,825)
Cost of real estate for sale	(41,341)	(62,917)
Others	(118,155)	(150,015)
Total operating cost	(280,604)	(366,041)

(3) Selling, general and administrative expenses

	For the year ended March 31, 2025	For the year ended March 31, 2026
	Millions of Yen	Millions of Yen
Payroll	(144,161)	(164,020)
Outsourcing fees	(85,913)	(104,687)
Depreciation and amortization	(44,606)	(47,983)
Research and development	(1,851)	(1,802)
Others	(165,129)	(199,881)
Total selling, general and administrative expenses	(441,660)	(518,373)

(4) Other financial cost

	For the year ended March 31, 2025	For the year ended March 31, 2026
	Millions of Yen	Millions of Yen
Other financial cost		
Interest expense		
Financial liabilities measured at amortized cost	(43,733)	(48,494)
Others	(201)	(4,868)
Total other financial cost	(43,934)	(53,362)

(5) Other expenses

	For the year ended March 31, 2025	For the year ended March 31, 2026
	Millions of Yen	Millions of Yen
Impairment loss	(6,325)	(26,432)
Foreign exchange loss	(19,522)	-
Others	(14,514)	(31,490)
Total other expenses	(40,361)	(57,922)

32. Income Tax Expense

The amount of income tax expenses for the years ended March 31, 2025 and 2026 were as follows:

	For the year ended March 31, 2025	For the year ended March 31, 2026
Income tax expense	Millions of Yen	Millions of Yen
Current	(52,876)	(53,862)
Deferred	(40,256)	(32,263)
Total income tax expense	(93,132)	(86,125)

The Company and its domestic subsidiaries are subject to mainly a national corporate tax, an inhabitants tax, and an enterprise tax, which, in aggregate, resulted in a normal effective statutory tax rate of 30.6%. Foreign subsidiaries are subject to the income taxes of the countries in which they operate.

A reconciliation between the normal effective statutory tax rates and the Group's average effective tax rate reflected in the accompanying consolidated statement of income for the years ended March 31, 2025 and 2026 is as follows:

	For the year ended March 31, 2025	For the year ended March 31, 2026
	%	%
Normal effective statutory tax rate	30.6	30.6
Permanent differences, such as meals and entertainment and dividends received	1.8	(9.6)
Tax effect on minority interests of investments in fund	0.7	0.8
Temporary differences arising from consolidation of investments	(1.9)	(8.0)
Change in unrecognized deferred tax assets	1.1	2.6
Other	0.7	0.3
Average effective tax rate	33.0	16.7

The Group has applied the "International Tax Reform - Pillar 2 Model Rules" (an amendment to IAS 12 "Income Taxes"). This amendment clarifies that IAS 12 applies to corporate income taxes arising from tax laws enacted or substantively enacted to implement the OECD's BEPS Pillar 2 GloBE (global minimum tax) rules. However, it provides a temporary exception that requires an entity not to recognize and disclose deferred tax assets and liabilities for income taxes arising from the global minimum tax rules. The Group has applied the exception provided by IAS 12 and has not recognized or disclosed deferred tax assets or liabilities for income taxes arising from the global minimum tax rules.

In addition, in Japan, where the Company is located, the BEPS global minimum tax rules include the Income Inclusion Rule (IIR), which was introduced in the 2023 tax reform, and an additional tax is applied to the Company until the tax burden of subsidiaries reaches the minimum rate of 15%. Based on the most recent tax returns, country reports, and financial statements of each of the constituent companies and others subject to the

system, the Company has conducted an assessment of its potential exposure to Pillar II income tax and concluded that the impact on the Group's consolidated financial statements is not material.

33. Other Comprehensive Income

Amounts recorded during the year, reclassification adjustments and income tax effects on each item of other comprehensive income for the years ended March 31, 2025 and 2026 were as follows:

For the year ended March 31, 2025

	Amount recorded during the year	Reclassification adjustment	Amount before income tax	Income tax effect	Amount after income tax
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Items that will not be reclassified subsequently to profit or loss					
Equity instruments measured at FVTOCI	(2,701)	-	(2,701)	176	(2,525)
Changes in own credit risk on financial liabilities	467	-	467	-	467
Remeasurement of defined benefit plans	5,906	-	5,906	(1,974)	3,932
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	198	-	198	-	198
	3,870	-	3,870	(1,798)	2,072
Items that may be reclassified subsequently to profit or loss					
Debt instruments measured at FVTOCI	(16,361)	4,845	(11,516)	372	(11,144)
Currency translation differences	(51,992)	(14,924)	(66,916)	-	(66,916)
Fluctuations in discount rates of insurance contracts	3,579	-	3,579	(1,072)	2,507
Cash flow hedges	6,033	(8,257)	(2,224)	2,505	281
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(944)	(1)	(945)	(82)	(1,027)
	(59,685)	(18,337)	(78,022)	1,723	(76,299)
Total	(55,815)	(18,337)	(74,152)	(75)	(74,227)

For the year ended March 31, 2026

	Amount recorded during the year	Reclassification adjustment	Amount before income tax	Income tax effect	Amount after income tax
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Items that will not be reclassified subsequently to profit or loss					
Equity instruments measured at FVTOCI	4,360	-	4,360	(489)	3,871
Changes in own credit risk on financial liabilities	(807)	-	(807)	-	(807)
Remeasurement of defined benefit plans	(338)	-	(338)	200	(138)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	508	-	508	(213)	295
	3,723	-	3,723	(502)	3,221
Items that may be reclassified subsequently to profit or loss					
Debt instruments measured at FVTOCI	(31,410)	14,499	(16,911)	13,133	(3,778)
Currency translation differences	69,100	169	69,269	-	69,269
Fluctuations in discount rates of insurance contracts	2,774	-	2,774	(803)	1,971
Cash flow hedges	(4,839)	6,879	2,040	(1,404)	636
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	4,908	4,311	9,219	51	9,270
	40,533	25,858	66,391	10,977	77,368
Total	44,256	25,858	70,114	10,475	80,589

34. Earnings per Share

Basic earnings per share and diluted earnings per share attributable to owners of the Company were calculated based on the following information:

	For the year ended March 31, 2025	For the year ended March 31, 2026
	Millions of Yen	Millions of Yen
Earnings		
Profit attributable to owners of the Company	162,120	427,577
Dilutive effect：Convertible bonds	777	1,049
Profit attributable to owners of the Company after dilutive effect	162,897	428,626
Shares		
Basic weighted average number of ordinary shares (shares)	604,826,738	641,212,805
Dilutive effect：Stock options (shares)	2,628,412	2,285,549
Dilutive effect：Convertible bonds (shares)	28,029,496	42,813,718
Weighted average number of ordinary shares after the dilutive effect (shares)	635,484,646	686,312,072
Earnings per share attributable to owners of the Company		
Basic (in Yen)	268.04	666.82
Diluted (in Yen)	256.34	624.54

Note: The Company conducted a stock split at a ratio of two shares for each share of common stock, with an effective date of December 1, 2025. Basic earnings per share and diluted earnings per share for the years ended March 31, 2025, and 2026, have been calculated assuming that the stock split had been conducted at the beginning of the prior fiscal year.

35. Cash Flow Information

Supplemental disclosure of consolidated statement of cash flow information for the years ended March 31, 2025 and 2026 was as follows:

(1) Expenditures on acquisition of subsidiaries

Total consideration paid for acquisition of subsidiaries were ¥12,154 million and ¥16,836 million for the years ended March 31, 2025 and 2026, respectively. The consideration paid for the year ended March 31, 2025, consisted of cash and cash equivalents of ¥16,215 million as well as cash loans, and excludes unearned revenue. The consideration paid for the year ended March 31, 2026, consisted of cash and cash equivalents of ¥16,776 million as well as cash loans.

Amounts of major classes of assets and liabilities of subsidiaries, of which the Group obtained control through share acquisition, at the date of acquisition were as follows:

	For the year ended March 31, 2025	For the year ended March 31, 2026
	Millions of Yen	Millions of Yen
Cash and cash equivalents	125,667	3,742
Trade and other receivables	88,810	4,090
Inventories	764	989
Assets related to securities business	-	92,675
Other financial assets	498	1,527
Other investment securities	54,113	726
Intangible assets	5,007	4,223
Other assets	14,839	9,436
Total assets	289,698	117,408
Bonds and loans payable	4,937	3,597
Trade and other payables	17,261	4,200
Liabilities related to securities business	-	89,963
Customer deposits for banking business	234,954	-
Other liabilities	10,680	3,372
Total liabilities	267,832	101,132

(2) Proceeds from sales of subsidiaries

Total consideration received in respect of sales of subsidiaries was ¥8,233 million and ¥6,462 million for the years ended March 31, 2025 and 2026, respectively. The consideration received for the year ended March 31, 2025 included cash and cash equivalents of ¥5,733 million as well as cash loan. The consideration received for the year ended March 31, 2026 included cash and cash equivalents of ¥4,467 million as well as cash loans and investments accounted for using the equity method.

Amounts of major classes of assets and liabilities of subsidiaries, of which the Group lost control through share sale, at the date of sale were as follows:

	For the year ended March 31, 2025	For the year ended March 31, 2026
	Millions of Yen	Millions of Yen
Cash and cash equivalents	3,406	3,295
Trade and other receivables	1,583	2,774
Investment properties	27,574	-
Other assets	4,771	6,649
Total assets	37,334	12,718
Bonds and loans payable	9,718	1,724
Trade and other payables	5,030	3,465
Other liabilities	3,001	1,120
Total liabilities	17,749	6,309

(3) Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities were as follows:

	Borrowings	Bond	Total
	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at April 1, 2024	2,669,531	1,807,548	4,477,079
Cash flow from operating activities	575,589	(19,230)	556,359
Cash flow from financing activities	345,826	370,937	716,763
Non-cash changes			
Change in scope of consolidation	(5,067)	286	(4,781)
Interest expense	(598)	3,336	2,738
Issuance of convertible bonds (Reclassification to equity)	-	(10,999)	(10,999)
Foreign currency translation adjustment on foreign operations	(1,246)	(11,689)	(12,935)
Others	(1,992)	(844)	(2,836)
Balance as at March 31, 2025	3,582,043	2,139,345	5,721,388
Cash flow from operating activities	925,114	19,225	944,339
Cash flow from financing activities	11,012	308,422	319,434
Non-cash changes			
Change in scope of consolidation	1,693	180	1,873
Interest expense	311	5,158	5,469
Foreign currency translation adjustment on foreign operations	1,918	14,462	16,380
Others	(1,026)	2,265	1,239
Balance as at March 31, 2026	4,521,065	2,489,057	7,010,122

36. Subsidiaries

Major subsidiaries of the Group as at March 31, 2026 were as follows:

Business segment	Name	Location	Voting Rights Holding Ratio (Note)
			%
Financial Services Business	SBI FINANCIAL SERVICES Co., Ltd.	Japan	100.0
	SBI SECURITIES Co., Ltd.	Japan	100.0 (100.0)
	SBI Liquidity Market Co., Ltd.	Japan	100.0 (100.0)
	SBI FXTRADE Co., Ltd.	Japan	100.0 (100.0)
	SBI MONEYPLAZA Co., Ltd.	Japan	100.0 (100.0)
	SBI Insurance Group Co., Ltd.	Japan	59.7
	SBI Life Insurance Co., Ltd.	Japan	100.0 (100.0)
	SBI Insurance Co., Ltd.	Japan	99.2 (99.2)
	SBI ARUHI Co.	Japan	63.0 (63.0)
	SBI Shinsei Bank, Limited	Japan	71.2
	Showa Leasing Co., Ltd.	Japan	100.0 (100.0)
	APLUS Co., Ltd.	Japan	100.0 (100.0)
	Shinsei Financial Co., Ltd.	Japan	100.0 (100.0)
	SBI Savings Bank	Korea	90.0 (90.0)
Asset Management Business	SBI Asset Management Group Co., Ltd.	Japan	100.0
	SBI Global Asset Management Co., Ltd.	Japan	57.6 (56.4)
	SBI Asset Management Co., Ltd.	Japan	97.9 (97.9)
PE Investment Business	SBI Capital Management Co., Ltd.	Japan	100.0
	SBI Investment Co., Ltd.	Japan	100.0 (100.0)
	SBI Hong Kong Holdings Co., Ltd.	Hong Kong	100.0
	SBI VENTURES ASSET PTE. LTD.	Singapore	100.0 (100.0)
	SBI ALApharma Co., Limited	Hong Kong	100.0 (100.0)
Crypto-asset Business	SBI VC Trade Co., Ltd.	Japan	100.0 (100.0)
	B2C2 Ltd.	United Kingdom	90.0 (90.0)

Next Gen Business	SBI Pharmaceuticals Co., Ltd.	Japan	100.0 (100.0)
	SBI ALApromo Co., Ltd.	Japan	100.0 (1.0)
	SBI Biotech Co., Ltd.	Japan	95.8 (1.1)
	SBI Neo media Holdings Co., Ltd.	Japan	80.0

Note: The figure in the parentheses represents the indirect holding ratio of voting rights or indirect investment ratio included in the total.

Subsidiaries with material noncontrolling interests are as follows:

Year ended March 31, 2025

Name	Location	Percentage of voting rights held by non-controlling interests	Profit (loss) allocated to non-controlling interests	Cumulative amount of non-controlling interests
		%	Millions of Yen	Millions of Yen
SBI Shinsei Bank, Limited	Japan	-	24,760	233,872

Year ended March 31, 2026

Name	Location	Percentage of voting rights held by non-controlling interests	Profit (loss) allocated to non-controlling interests	Cumulative amount of non-controlling interests
		%	Millions of Yen	Millions of Yen
SBI Shinsei Bank, Limited	Japan	28.8	4,431	336,020

Dividends paid to non-controlling interests in the consolidated statement of changes in equity for the year ended March 31, 2025 include a special dividend of ¥100,000 million paid by SBI Shinsei Bank, Ltd. to the Resolution and Collection Corporation, as part of the public funds repayment scheme pursuant to the "Agreement on the Definitive Repayment Scheme" entered into among the Deposit Insurance Corporation of Japan, the Resolution and Collection Corporation, SBI Shinsei Bank, Ltd. and the Company.
In addition, the cumulative amount of non-controlling interests of SBI Shinsei Bank, Ltd. for the year ended March 31, 2025 includes ¥230,019 million of outstanding public funds under the "Agreement on the Definitive Repayment Scheme."

The following is a condensed financial information of SBI Shinsei Bank, Limited. The following condensed financial information is before elimination of intergroup transactions.

	As at March 31, 2025	As at March 31, 2026
	Millions of Yen	Millions of Yen
Total assets	19,816,680	24,258,512
Total liabilities	18,892,773	23,132,497
Total equity	923,907	1,126,015

	For the year ended March 31, 2025	For the year ended March 31, 2026
	Millions of Yen	Millions of Yen
Revenue	644,933	673,723
Profit for the year	65,644	101,164
Total comprehensive income	20,191	119,774
Cash flows from operating activities	1,945,591	1,839,804
Cash flows from investing activities	(1,204,363)	(1,132,710)
Cash flows from financing activities	(72,742)	117,058
Net change in cash and cash equivalents	668,486	824,152

37. Related Party Transactions

(1) Related Party Transactions

The Group entered into the following related party transactions during the year ended March 31, 2025.

Type	Name	Nature of relationship	Nature of transaction	Transaction Amount	Balance
				Millions of Yen	Millions of Yen
Corporate officer	Masato Takamura	Representative Director	Exercise of stock options (*1) Cash loan (*2)	342 550	– 550
Corporate officer	Satoe Kusakabe	Director	Exercise of stock options (*1)	34	–
Corporate officer	Motoaki Shiino	Director	Exercise of stock options (*1)	12	–

Notes:

1. Exercise of stock options represents the exercise of stock acquisition rights which were issued based on the resolutions by the Board of Directors' meetings held on May 28, 2020, and June 26, 2020, pursuant to Article 236, 238 and 240 of the Companies Act. Stated in the "Transaction Amount" column is the paid-in amount in connection with stock acquisition rights exercised during the fiscal year ended March 31, 2025.
2. The Company lends funds for the acquisition of the Company's shares. The terms and conditions of the transaction are the same as those applied to general business partners. The Company accepts the Company's shares acquired by the borrower through the loan as collateral for this transaction.

The Group entered into the following related party transactions during the year ended March 31, 2026.

Type	Name	Nature of relationship	Nature of transaction	Transaction Amount	Balance
				Millions of Yen	Millions of Yen
Corporate officer	Yoshitaka Kitao	Representative Director, Chairman and President	Issuance of stock options (*1)	30	—
Corporate officer	Masato Takamura	Representative Director	Issuance of stock options (*1)	19	—
			Cash loan (*3)	820	410
			Interest income from loans	8	—
Corporate officer	Tomoya Asakura	Representative Director	Issuance of stock options (*1)	16	—
			Cash loan (*3)	1,231	616
			Interest income from loans	6	—
Corporate officer	Motoaki Shiino	Director	Issuance of stock options (*1)	5	—
			Exercise of stock options (*2)	12	—
Corporate officer	Masashi Okuyama	Director	Issuance of stock options (*1)	5	—
			Exercise of stock options (*2)	7	—

Notes:

1. These are stock acquisition rights which were issued based on the resolutions by the Board of Directors' meetings held on November 21, 2025, and December 19, 2025, pursuant to Article 236, 238 and 240 of the Companies Act. Stated in the "Transaction Amount" column is the paid-in amount in connection with stock acquisition rights issued during the fiscal year ended March 31, 2026.
2. Exercise of stock options represents the exercise of stock acquisition rights which were issued based on the resolutions by the Board of Directors' meetings held on May 28, 2020, and June 26, 2020, pursuant to Article 236, 238 and 240 of the Companies Act. Stated in the "Transaction Amount" column is the paid-in amount in connection with stock acquisition rights exercised during the fiscal year ended March 31, 2026
3. The Company lends funds for the acquisition of the Company's shares. Stated in the "Transaction Amount" column is the cumulative amount of loans executed under overdraft transactions during the year ended March 31, 2026, on a gross basis without deduction of recoveries. The terms and conditions of the transaction are the same as those applied to general business partners. The Company accepts the Company's shares acquired by the borrower through the loan as collateral for this transaction.

(2) The remuneration of key management personnel of the Company for the years ended March 31, 2025 and 2026

	For the year ended March 31, 2025	For the year ended March 31, 2026
	Millions of Yen	Millions of Yen
Remuneration and bonuses	1,103	1,194
Post-employment benefits	3	3
Total	1,106	1,197

38. Events after the Reporting Period

(Partial Transfer of Shares of SBI Savings Bank Co., Ltd.)

On April 6, 2026, the Group transferred a portion of its shares in SBI Savings Bank Co., Ltd., a consolidated subsidiary in the Republic of Korea (hereinafter "SBI Savings Bank"), to Kyobo Life Insurance Co., Ltd. As a result of this transaction, SBI Savings Bank was deconsolidated from the Group and became an associate accounted for using the equity method. The Group expects to recognize a gain on the sale of shares in SBI Savings Bank as a result of this share transfer; however, the amount of such gain is currently under review.

In addition, because the above transfer was determined to be highly probable of being executed as at March 31, 2026, SBI Savings Bank-related assets amounting to ¥1,430,169 million and liabilities amounting to ¥1,119,063 million as at March 31, 2026 were reclassified to "Assets held for sale" and "Liabilities directly associated with assets held for sale," respectively.